Alberta

FISCAL PLAN

The Alberta JOBS PLAN

BUDGET 2016

Alberta

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Alberta

FISCAL PLAN
2016–19

PRESENTED BY

JOE CECI
PRESIDENT OF TREASURY BOARD
AND MINISTER OF FINANCE

in the Legislative Assembly of Alberta
April 14, 2016

The Alberta **JOBS PLAN** BUDGET **2016**

ACCOUNTABILITY STATEMENT

The government's Fiscal Plan for the three years commencing April 1, 2016 was prepared under my direction in accordance with the *Fiscal Planning and Transparency Act* and the government's accounting policies. All of the government's policy decisions as of March 17, 2016 with material economic or fiscal implications have been considered in preparing the three-year Fiscal Plan.

Original signed by

Joe Ceci
President of Treasury Board and Minister of Finance
April 7, 2016

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Alberta

FISCAL PLAN

OVERVIEW

The Alberta JOBS PLAN BUDGET 2016

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OVERVIEW

THEMES

Budget 2014 is the Alberta jobs plan.

Budget 2014 addresses the challenges Albertans face as a result of the steepest and most prolonged slide in oil prices in recent history by promoting economic diversification and job creation, supporting families in times of hardship and improving access to education and skills training while containing the rate of growth in government operating expense.

Budget 2014 implements the Climate Leadership Plan that will make Alberta one of the world's most progressive and forward-looking energy producers. By addressing climate change in a meaningful way, the Plan will improve access to markets for Alberta's energy industry. The Plan sets a price for carbon and will fully reinvest those dollars into the economy, helping Albertans and Alberta businesses adjust while also investing in green infrastructure, energy efficiency initiatives and other areas to protect existing jobs and create new jobs in Alberta.

Budget 2014 is based on the following themes:

- *Budget 2014* promotes jobs, business investment, economic growth and diversification by investing significantly in Alberta's infrastructure through the five-year Capital Plan and introducing a new jobs, investment and diversification package to help encourage job creation while diversifying Alberta's economy.
- *Budget 2014* supports families in times of hardship with the new Alberta Child Benefit and enhanced Alberta Family Employment Tax Credit set to begin this July. Together, these programs will support 390,000 children. Income support programs are maintained and employment and training programs have been realigned to better serve Albertans.
- *Budget 2014* improves access to education and skills training by fully funding enrolment growth in Alberta's K–Grade 12 education system, providing base operating grant increases to post-secondary institutions and supporting the second year of the two-year tuition freeze.
- *Budget 2014* includes a number of cost saving measures, including freezing salaries for political staff and government managers and amalgamating or dissolving 20 agencies as part of the review of agencies, boards and commissions. Combined, the cost saving measures will keep the rate of growth in government operating expense well below the combined rate of population growth plus inflation.

A "risk adjustment" is now included in the Fiscal Plan to recognize the potential impact of uncertain world oil markets on Alberta's resource revenue.

Budget 2014 reflects the priorities of Albertans gathered through consultations as the Premier and Minister of Finance met with Albertans in town hall meetings across the province. In addition, telephone town hall meetings saw more than 66,000 Albertans participate in pre-budget discussions. The government also received over 1,000 submissions in response to an online survey.

Budget 2016 includes a new $250 million package to support job creation, increase capital investment and regional economic development as well as improve access to training opportunities.

In March, the government introduced the Promoting Job Creation and Diversification Act, which recognizes that all Albertans will benefit from a stronger and more diversified economy. *Budget 2016* includes a one-time $250 million package to support job creation and encourage business capital investment, attract new businesses to Alberta, support regional economic development and improve access to training opportunities. This package replaces the Job Creation Incentive Program that was introduced in *Budget 2015*.

Over two years this new package will provide:

- $100 million to support job creation with two new tax credits (valued at $165 million) to encourage investment to support eligible small and medium-sized enterprises in Alberta and encourage businesses to make capital investments. There is $65 million in new funding to be invested through the Alberta Enterprise Corporation to spur innovation and help grow companies and increase employment in many small to mid-sized communities.
- $35 million to attract and support new businesses and pursue regional economic development initiatives.
- $15 million for new apprenticeship and training opportunities.

Budget 2016 supports families with the new Alberta Child Benefit and other programs.

Budget 2016 recognizes that the steep decline in oil prices has had a significant effect on Alberta families as well as Alberta's economy. To help families, *Budget 2016* includes the new Alberta Child Benefit and enhanced Alberta Family Employment Tax Credit, funds ongoing income support programs and other steps to improve the delivery of employment and training programs.

- **Alberta Child Benefit:** While $147 million in 2016-17 and $186 million per year beginning in 2017-18, the new Alberta Child Benefit will provide up to $1,759 each year to Alberta's most vulnerable families, to support 235,000 children.
- **Enhanced Alberta Family Employment Tax Credit:** The enhanced tax credit means over low income families will receive the credit and many families will receive a larger credit, providing an extra $65 million for working families.
- **Income Support:** Employment and income support programs help eligible Albertans cover their basic costs of living and find or maintain jobs. The income support budget increases to $588 million in 2016-17, with a further $200 million budgeted for related child and family benefit programs.
- **Employment and Training Programs:** Advanced Education, Human Services and Labour worked collaboratively to implement a major realignment of their provincial employment and training programs as announced. The outcome of this work will be a more consistent, efficient and user-friendly experience for Albertans who access these programs.

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Budget 2017 implements the Climate Leadership Plan

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[redacted] Mayor's message of the budget

[redacted]

[redacted]

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affordability for students improves with the second year of the two-year tuition freeze.

- **Human Services.** *Budget 2016* provides $4.4 billion for Human Services in 2016-17, keeping the government's commitment to strong families and strong communities.

Budget 2016 reflects a number of cost saving measures

At the same time, *Budget 2016* reflects a number of cost saving measures that help contain the rate of growth in government operating expense:

- Freezing salaries for political staff and managers in government departments and agencies. The 2016-17 budgets for salaries and supplies in government departments are $121 million, or nearly 2%, lower than the comparable 2015-16 budgets.
- Amalgamating or dissolving agencies, boards or commissions (ABCs) under the ABC review. In total, 20 agencies will be amalgamated or dissolved out of the 130 agencies that were reviewed in phase one, saving $33 million over three years.
- Deferring spending included in *Budget 2015* for some of the government's platform commitments, saving $119 million in 2016-17 and $208 million in 2017-18.
- Identifying program reductions and other adjustments, including saving $50 million by suspending Access to the Future Fund payments, $65 million from realigning priorities at the Alberta Innovates Corporation and $20 million from Alberta Community Partnership grants.

After funding priority cost pressures including enrolment growth in Education, *Budget 2016* reflects net reductions in operating expense of about $300 million in both 2016-17 and 2017-18 from the comparable amounts included in *Budget 2015*. With an ongoing commitment to find $750 million per year in savings from lower priority programs, operating budget increases average just 2% per year in *Budget 2016*, well below projected population growth plus inflation which is expected to average 3% per year over the next three years.

Operating Expense Increases

Source: Alberta Treasury Board and Finance

Including the Climate Leadership Plan, total expense will be $51.1 billion in 2016-17, $53.6 billion in 2017-18 and $56 billion in 2018-19.

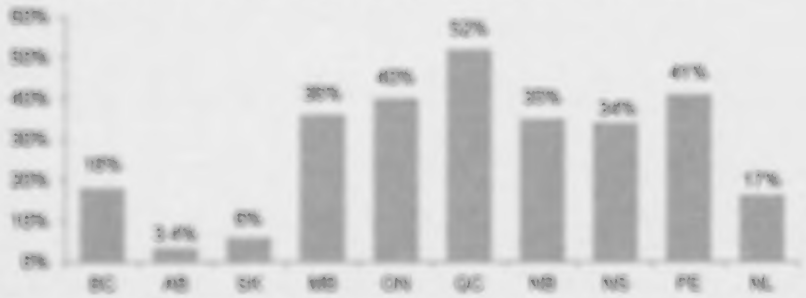
***Budget 2016* – Expense**
(millions of dollars)

	2015-16 Actual	2015-16 Budget	2015-16 Forecast	2016-17 Estimate	2017-18 Target	2018-19 Target
Operating Expense (net of in-year savings)	42,947	43,209	43,222	**44,894**	45,990	46,874
Disaster assistance (with operating 2013 flood support)	351	839	647	**248**	228	204
Capital Grants	2,466	1,975	1,862	**2,259**	2,577	2,391
Climate Leadership Plan	-	-	-	**339**	1,208	2,426
Amortization / Inventory Consumption / Loss on Disposals	3,194	3,083	3,083	**3,268**	3,264	3,271
Debt Servicing Costs: Capital Plan & General Government	722	778	775	**698**	1,432	2,003
Pension Provisions	(404)	31	(258)	**(60)**	(180)	(201)
Total Consolidated Expense	**49,366**	**49,909**	**49,331**	**51,697**	**53,619**	**56,968**

FISCAL MANAGEMENT

Debt to GDP Ratio. The government is committed to maintaining one of the lowest debt to nominal GDP ratios among the provinces. The 15% limit set in the *Fiscal Planning and Transparency Act* is being removed to provide the flexibility required to deal with current economic realities.

Debt to GDP Ratio – Provincial Comparison (2014–15 data)



Sources: Alberta Treasury Board and Finance

Risk Adjustment. Alberta's revenue is extremely volatile and difficult to predict given the province's reliance on resource revenue. *Budget 2016* introduces a risk adjustment factor, bringing an increased level of prudence to Alberta's budget and fiscal planning. The risk adjustment reflects the potential impact on resource revenue of more conservative oil price assumptions, moving to roughly $30/barrel less per year than the average of private sector forecasts. The risk adjustment is included in the calculation of the deficit.

> *Budget 2016 introduces a risk adjustment factor to reflect the volatility of Alberta's resource revenue.*

***Budget 2016* – Risk Adjustment**

	2016-17 Estimate	2017-18 Target	2018-19 Target
Oil Prices (WTI, US$/bbl)			
Budget 2016	40	54	64
Low Price Scenario	30	43	54
Risk Adjustment – increases the deficit ($ billion)	**(0.7)**	(1.5)	(2.0)

Budget 2016 – Key Fiscal Metrics
(billions of dollars)

	2014-15 Actual	2015-16 Budget	2015-16 Forecast	2016-17 Estimate	2017-18 Target	2018-19 Target
Consolidated Revenue	49.5	43.8	42.9	**41.4**	45.0	49.6
Consolidated Expense	48.4	49.9	49.3	**51.1**	53.6	56.0
Risk Adjustment	-	-	-	**(0.7)**	(1.5)	(2.0)
Consolidated Surplus / (Deficit)	**1.1**	**(6.1)**	**(6.4)**	**(10.4)**	**(10.1)**	**(8.4)**
Other Key Metrics:						
Capital / Other Non-financial Assets	44.6	48.4	47.5	**51.4**	54.5	57.0
Heritage Fund Year-end Balances	15.0	15.1	15.2	**15.4**	15.7	16.0
Contingency Account Year-end Balances	6.5	3.3	3.8	**-**	-	-
Liabilities for Capital Projects / Fiscal Plan Borrowing	12.9	18.9	20.0	**30.5**	45.2	57.6
Debt to Nominal GDP Ratio	3.4%	5.7%	6.0%	**9.6%**	13.1%	15.5%

ENERGY AND ECONOMIC ASSUMPTIONS

The Budget 2016 outlook is in line with private sector forecasts for Alberta.

The *Budget 2016* outlook is prudent and in line with other forecasts for energy prices and other economic and financial variables. The revenue forecast is based on much lower oil prices than anticipated in *Budget 2015*. WTI now forecast to average US$42/bbl in 2016-17, $54 in 2017-18 and $64 in 2018-19.

Alberta's real GDP shrank by an estimated 1.5% in 2015 and is forecast to fall a further 1.4% in 2016 due to the impact of sharply lower oil prices. This would mark the first time since 1982-83 that the Alberta economy has seen two consecutive years of negative growth. Alberta's economy is expected to rebound by 1.9% in 2017.

Alberta's labour market deteriorated in the final quarter of 2015 and early part of 2016 with substantial job losses and a further increase in the unemployment rate. In 2016, employment is expected to fall by 1.7% and the unemployment rate is forecast to average 8%.

Energy and Economic Assumptions

	2014-15 Actual	2015-16 Budget	2015-16 Forecast	2016-17 Estimate	2017-18 Target	2018-19 Target
WTI Oil (US$/bbl)	80.48	50.00	45.00	**42.00**	54.00	64.00
Light-Heavy Differential (US$/bbl)	17.30	13.60	13.40	**15.20**	17.50	18.50
WCS@Hardisty (Cdn$/bbl)	70.78	46.50	41.00	**36.40**	48.30	59.00
Natural Gas (Cdn$/GJ)	3.51	2.60	2.30	**2.40**	2.80	3.00
Conventional Crude Oil Production (000s barrels/day)	586	560	529	**524**	506	489
Raw Bitumen Production (000s barrels/day)	2,330	2,473	2,403	**2,668**	2,890	3,151
Exchange Rate (US¢/Cdn$)	88.0	78.0	76.0	**73.5**	75.5	77.5
Interest Rate (3-month Canada treasury bills, %)	0.85	0.50	0.49	**0.54**	0.93	1.49
	2014	**2015b**	**2015f**	**2016**	**2017**	**2018**
Real GDP (% change)	4.8	(1.0)	(1.5)	**(1.4)**	1.9	2.8
Employment (% change)	2.2	1.0	1.2	**(1.7)**	0.9	2.1
Unemployment Rate (%)	4.7	5.8	6.0	**8.0**	7.5	6.5
Primary Household Income (% change)	6.7	2.5	0.3	**(1.4)**	2.4	4.2
Net Corporate Operating Surplus (% change)	17.0	(54.8)	(51.9)	**(18.0)**	48.6	32.9
Alberta Consumer Price Index (% change)	2.6	0.9	1.1	**1.8**	1.7	2.1
Population (% change)	2.8	1.8	1.8	**1.2**	1.0	1.3

Population growth is expected to moderate to 1.2%, or about 51,000 people in 2016, primarily as a result of net outflows of interprovincial migrants. Population growth is forecast to ease further to 1.0% in 2017, before picking up slightly in 2018.

Low oil prices continue to weigh on the energy sector, where capital spending is expected to fall again in 2016. This lower capital spending is now effecting related sectors, including construction and manufacturing.

Some industries, such as agriculture, forestry and manufacturing, will continue to benefit from a lower Canadian dollar, reduced cost pressures and a stronger US economy. Infrastructure spending by the provincial government is expected to provide a lift, partially offsetting the decline in private investment in 2016 and 2017.

Oil sands production will continue to expand, reflecting investments made prior to the oil price collapse. Market access remains critical given the production profile of the oil sands and the increased reliance on higher cost rail transportation.

CAPITAL PLAN

Budget 2016 continues the ambitious investment in modern, efficient infrastructure that was introduced in *Budget 2015*. The Capital Plan will help stimulate the economy, keep people working and upgrade or expand existing infrastructure. The Capital Plan will support $34.8 billion in infrastructure projects over five years, with $2.2 billion for green infrastructure under the Climate Leadership Plan. There is another $4.4 billion for ancillary projects self-financed by Alberta Health Services, post-secondary institutions and school boards.

The Budget 2016 *Capital Plan supports $34.8 billion in projects over five years.*

The *Budget 2015* Capital Plan included $4.4 billion to be allocated to new projects and programs in the future, of which $150 million was allocated in 2015-16. In *Budget 2016*, the remaining $4.25 billion is allocated as follows:

- $3.13 billion for new projects, including continuing care beds, affordable housing, new schools and school modernizations and transportation infrastructure including twinning the Peace River bridge.

***Budget 2016* – Capital Plan**
(billions of dollars)

	2016-17 Estimate	2017-18 Target	2018-19 Target	2019-20 Projected	2020-21 Projected	5-year Totals
Capital Plan Spending:						
Core Government	**7.6**	7.3	6.3	5.8	5.6	32.6
Climate Leadership Plan	**-**	0.2	0.6	0.7	0.7	2.2
SUCH Sector – Self-financed Investment	**0.9**	0.8	1.0	0.9	0.9	4.4
Consolidated Capital Plan Spending	**8.5**	**8.3**	**7.9**	**7.4**	**7.2**	**39.2**
Capital Plan Financing:						
Direct Borrowing	**5.0**	6.1	5.4	5.1	4.9	26.5
Alternative Financing (P3s)	**0.2**	0.2	0.2	0.2	0.2	1.0
Other Cash Sources (e.g., retained income)	**2.4**	1.0	0.7	0.5	0.5	5.1
Climate Leadership Plan	**-**	0.2	0.6	0.7	0.7	2.2
SUCH Sector Self-financing	**0.9**	0.8	1.0	0.9	0.9	4.4
Total Capital Plan Financing	**8.5**	**8.3**	**7.9**	**7.4**	**7.2**	**39.2**

- $864 million for additional capital maintenance and renewal;
- $145 million for planning funds for future projects; and
- $114 million remains as a contingency for emergent projects.

The *Budget 2016* Capital Plan provides $9.0 billion in municipal infrastructure support over five years, including $6.1 billion under the Municipal Sustainability Initiative and $1.4 billion for GreenTRIP and other transportation projects. There is $6.2 billion budgeted for capital maintenance and renewal to ensure public facilities will continue to serve the needs of Albertans.

The Plan provides $3.5 billion in direct support for health facilities and equipment over five years, with $1.2 billion for the new Calgary Cancer Centre and $500 million for future projects. There is also $3.5 billion for schools, with $2.9 billion to complete the 200 new and modernization projects previously announced and $500 million for future projects.

IMPLEMENTING GOVERNMENT COMMITMENTS

Budget 2016 keeps the government's commitments to provide stable funding for key public services, including health care, education and social services. Given the economic and fiscal challenges facing Alberta, some of the spending commitments that were included in *Budget 2015* will be deferred. Additional work is required before commitments such as reducing school fees can be implemented.

- ✓ Stable funding for health care, including mental health
- ✓ Stable funding for education, including fully funding enrolment growth
- ✓ Stable funding for post-secondary education, including post-secondary tuition freeze
- ✓ Stable funding for social services, including Family and Community Support Services and women's shelters, with new funding for the Alberta Child Benefit
- ✓ Re-launch Summer Temporary Employment Program (STEP)

FISCAL PLAN

REVENUE

The Alberta JOBS PLAN BUDGET 2016

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REVENUE

REVENUE OUTLOOK

Total revenue is forecast to be $41.4 billion in 2016-17, a decline of $1.6 billion, or 3.6% from the forecast for 2015-16. This is $8.1 billion, or 16.4% lower than revenue was in 2014-15, when the dramatic collapse in oil prices began. The negative impact of substantially lower oil prices on business investment, employment, and incomes of both households and corporations has worsened, as prices have dropped more than anticipated and are now expected to take longer to recover. Alberta's economy contracted by an estimated 1.5% in 2015, and is forecast to contract by 1.4% in 2016, as the distress in the energy sector has deepened and spilled over into other sectors of the economy. The government's revenue forecast has continued to deteriorate: 2016-17 non-renewable resource revenue and corporate income tax revenue are forecast to be $7.6 billion and $1.5 billion lower than they were in 2014-15.

Total revenue forecast to be $41.4 billion in 2016-17.

Relative to the October *Budget 2015* forecast, 2015-16 revenue is $950 million lower, while 2016-17 revenue has decreased by $4.3 billion, primarily due to the weakness and delay in the oil price recovery. About half of the drop in forecast 2016-17 revenue is from resource revenue and half from income tax revenue. Total revenue in 2018-19 is estimated to be $1.8 billion lower, but this includes a net $2.4 billion increase from Climate Leadership Plan revenue initiatives, which helps boost 2018-19 revenue to $43.6 billion, about the same as 2014-15 revenue. These changes from the forecast produced just six months ago indicate just how rapid and significant the impacts of oil price volatility can be on Albertans, our economy and government revenue.

Total Revenue
(millions of dollars)

	2014-15 Actual	2015-16 Budget	2015-16 Forecast	2016-17 Estimate	2017-18 Target	2018-19 Target
Personal income tax	11,042	12,047	11,278	11,498	11,759	12,353
Corporate income tax	5,795	4,745	4,972	4,328	4,263	4,619
Other tax revenue	4,598	5,307	5,345	6,607	7,156	7,765
Resource revenue – Bitumen royalties	5,049	1,547	1,144	696	1,565	2,965
Resource revenue – other	3,809	1,221	1,330	798	1,167	1,239
Federal transfers	5,982	6,984	7,206	7,278	7,430	7,667
Investment income	3,113	2,830	2,766	2,514	2,366	2,476
Net income from business enterprises	2,665	2,735	2,537	2,416	2,680	2,816
Premiums, fees and licences	3,564	3,687	3,588	3,649	3,835	3,814
Other revenue	3,773	2,694	2,742	2,787	2,876	3,672
Total Revenue	**49,481**	**43,798**	**42,858**	**41,370**	**44,868**	**49,017**
Change from *Budget 2015*						
Personal income tax			(769)	(1,049)	(1,423)	(1,540)
Corporate income tax			227	(901)	(580)	(474)
Other tax revenue			38	309	1,304	1,858
Resource revenue – Bitumen royalties			(403)	(1,547)	(1,227)	(1,413)
Resource revenue – other			109	(901)	(305)	(304)
Investment income			(64)	(648)	(246)	(129)
Other revenue			2	(483)	(445)	260
Total Revenue			**(950)**	**(4,334)**	**(3,531)**	**(1,821)**

Oil prices weak for 2016, but expected to start rising in 2017 when supply-demand imbalance begins to correct.

The revenue forecast is based on oil prices remaining weak for most of 2016, but starting to rise near the end of the year when the causes of global oil supply relative to demand is expected to begin shrinking. After significant job losses in 2016, lower household incomes and two years of significant drops in corporate profits, it is forecast that 2017 will bring employment gains and positive income growth. The economy is expected to expand by 1.8% in 2017, supported by the recovery in oil prices, continued easing of cost pressures, rising oil sands production, a low Canadian dollar and a stronger US economy. The lingering effects of several years of lower energy investment and job losses will persist over the next several years though, with slower personal income, employment and population growth.

Total revenue is forecast to grow by $8.2 billion, an average of 9.9% per year, between 2016-17 and 2018-19, led mainly by bitumen and crude oil royalties, income taxes and new revenue from Climate Leadership Plan initiatives.

There are a myriad of factors that affect Alberta's revenue, as outlined in the following discussion, but changes to commodity prices, the exchange rate and population growth impact the economic forecast directly and drive most of the other variables factored into the revenue forecast. A more detailed discussion of these elements is provided in the Economic Outlook chapter.

Two new tax credits to encourage investment. Small business rate reduced from 3% to 2%.

Budget 2016 contains several revenue initiatives in support of jobs, investment and diversification and the Climate Leadership Plan. First, two new tax credits are being implemented: one, to encourage investment in eligible small and medium-sized businesses, is reported as expense as it primarily will be a refundable credit; the second, to encourage investment in capital fostering economic diversification, is part of corporate income tax, and reduces revenue by $15 million in 2016-17 and $60 million in 2017-18.

Climate Leadership Plan establishes carbon price to encourage emission reductions. Revenue raised to be fully recycled.

The Climate Leadership Plan imposes an economy-wide price on carbon emissions to discourage consumption with a new carbon levy and new product-based performance standards based on the existing Specified Gas Emitters Regulation (SGER). The carbon levy, included in "Other Tax Revenue," applies to purchases of transportation and heating fuels ($20/tonne on January 1, 2017, rising to $30/tonne on January 1, 2018), and is estimated to raise $274 million in 2016-17, and $1.7 billion by 2018-19. Large fossil emitters currently able under SGER to pay for any emissions that exceed their targets, will pay those prices a year earlier ($20/tonne in 2016, $30/tonne in 2017). Compliance payments are included in "Other Revenue," and are estimated at $101 million in 2016-17, and $917 million by 2018-19. To assist businesses affected by increased costs, the small business corporate income tax (CIT) rate is being reduced effective January 1, 2017, from 3% to 2%, lowering CIT revenue by $195 million in 2017-18. More details are provided in the Tax Plan chapter.

Climate Leadership Plan Revenue Initiatives (millions of dollars)	2016-17 Estimate	2017-18 Target	2018-19 Target
Climate Leadership Plan			
Carbon levy	274	1,247	1,703
Specified Gas Emitters Regulation compliance payments	101	140	917
Gross Climate Leadership Plan revenue	375	1,387	2,620
Small business income tax rate decrease	(45)	(195)	(205)
Net Climate Leadership Plan revenue	330	1,192	2,415

NON-RENEWABLE RESOURCE REVENUE

Non-renewable resource revenue in 2016-17 accounts for 3.3% of total revenue, though its share is expected to grow to 4.3% by 2018-19. It is forecast at $1.4 billion, $1.1 billion, or 45% lower than in 2015-16, and $7.6 billion or 85% lower than in 2014-15. Most of the deterioration in revenue is due to the impact of falling global oil prices on bitumen and crude oil royalties. Resource revenue is then estimated to increase by an average of 76% per year between 2016-17 and 2018-19, to $4.2 billion, with substantial growth in bitumen royalties, mainly due to the slow improvement in oil prices and rising production. However, resource revenue forecast for 2018-19 is still less than half of actual 2014-15 resource revenue. The changes to the royalty regime recommended by the Royalty Review Advisory Panel are intended to be "revenue neutral."

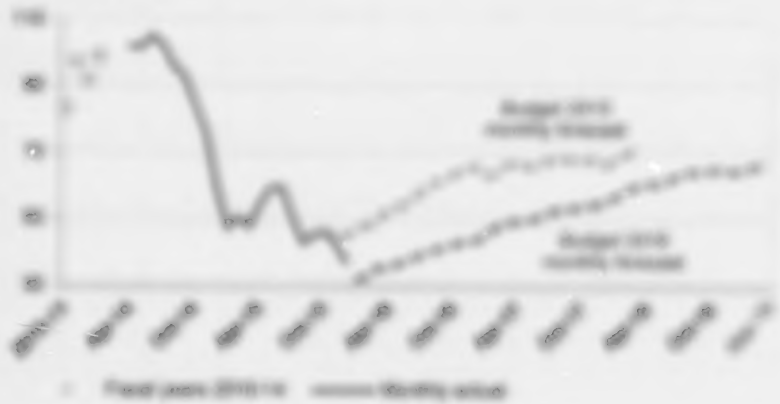
> Resource revenue in 2016-17 is estimated at $1.4 billion, 45% lower than 2015-16.

After the West Texas Intermediate (WTI) oil price averaged almost US$95 per barrel (/bbl) in the previous four fiscal years (2010-11 to 2013-14), the WTI price tumbled by 55%, from US$105/bbl average in June 2014 to just under $48/bbl in March 2015. The collapse in prices arose from global supply growth exceeding demand growth. Significant increases in North American production over several previous years, and the return of production from Iraq and Libya boosted supply, while a slowdown in developing economies reined demand growth. OPEC members in late 2014 also decided not to cut production to support prices, but rather sought to force other higher cost producers to restrain output to correct the "over-supplied" global market.

> Increasing supply, slowing demand growth and OPEC's decision not to cut production resulted in oil price decline.

Global demand exceeded expectations during summer 2015, causing prices to climb in May and June. But this rally was short lived, and prices slumped again in late July and have continued to languish since, sinking to the mid US$30 range in January 2016, an over 70% drop from June 2014. Supply growth has not tapered as much as expected, with Saudi Arabia and Iraq increasing output. Canadian, Russian and US production also climbing, and supply from Iran now expected to re-enter the market after the January 2016 nuclear deal removed economic sanctions. Meanwhile, demand growth estimates continue to be tempered by economic uncertainty in China and elsewhere.

Oil Prices, 2010–14 fiscal year actuals; 2014–19 monthly
(US $ per barrel)



Fiscal years 2010-14 ——— Monthly actuals

Most analysts now expect oil prices to stay subdued until early 2017

Most analysts now expect that excess supply and lower oil prices will continue for the remainder of 2016, with supply only lowered beginning to rebalance in 2017. The impact of lower drilling on future investment, combined investment and production disruptions in non-core regions should slow supply growth over the next year, even with sufficient barrels for investors while demand should pick up in response to low prices. The oil sector will support increasing prices as a provision of incremental supply comes from higher cost producers.

Revenue flowers based on US$42 oil price in 2016:17 and US$44 by 2016:19

The Forecast is based on the WTI oil price averaging US$42 in 2016:17, $54 in 2017:18 and $64 in 2018:19. Other factors affecting oil royalty revenue are the light-heavy oil price differential, the US/Canadian dollar exchange rate, annual Alberta production and production costs.

- The Western Canadian Select price (WCS), a benchmark price for heavy oil blended bitumen, is determined by the WTI US dollar price less a "light-heavy differential". Asia is largely fuelled by cost of transporting Alberta production to markets and is subject to demand. Additional pipeline capacity lowers costs and the differential, increasing prices. Alberta producers can address incoming pressure by rail machines over and the differential widening. WCS in 2016:17, the differential is estimated at US$13.40/bbl, up from US $9.00/barrel for 2015:16, but given US$6.50/bbl that estimated in Budget 2015. While Alberta production is ramping up as more projects come on stream, access to Gulf Coast refineries is constrained by capacity anticipated to remain insufficient (+1% additional through 2018:19) until rail transportation. The light-heavy oil price differential is thus forecast to expand to US$18.50/bbl by 2018:19.

Increased reliance on rail transportation widens the differential, lowers prices, dilutes producers returns and reduces royalty revenue

- A lower US/Canadian dollar exchange rate for oil exports results since The reduction in the exchange rate has been caused mostly by the strength of the US dollar relative to most currencies with US economic performance improving. The Forecast royalty rate is based on the WTI price expressed in Canadian dollars, so the royalty rate is higher with a lower Canadian dollar. A lower dollar also increases oil prices when they are converted from US dollars into Canadian dollars, boosting producers' revenue and revenue to Canadian dollars. The exchange rate is expected to strengthen over the forecast period.
- Western production continues to grow and is estimated to increase 2.1% between 2015:16 and 2016:17 as projects currently under construction are completed. Conventional crude oil production is expected to steadily decline as drilling levels fall.
- Low oil prices are dampening Alberta's labour costs and refining prices (to condensate used to dilute bitumen for transportation) are correlated with oil prices. Natural gas is a significant input for certain oil sands operations and gas prices are forecast to remain weak. Since costs are part of royalty calculations, these support royalty revenue. Overall, it is the oil, not the royalty rates, are sensitive to prices so that rates are lower with lower prices.

Lower US/Canadian dollar exchange rate, strong business cost and increasing bitumen production help support royalty revenue

Consumer liquidities are estimated at $[illegible] million in 2010 Q1, $[illegible] million in 2010 Q2 (more than in 2010 Q1), and $[illegible] million in 2010 Q3 (more than 2010 Q1). They are forecast to increase to almost $[illegible] billion in 2010 Q4, with an average annual growth rate of [illegible]% between 2010 Q1 and 2010 Q4. The main drivers are increasing oil prices and higher gas allowances.

The government still supplies incentives to the Nicole West Upgrades consortium established to begin operations in 2007, which still supports [illegible] to new higher-valued products such as diesel or sulphur blends. The Province sold [illegible] provinces of the revenue from the sale of the upgraded product since it also supplies a very favourable cost of service with [illegible] the Province some of the revenue. The Province will cease [illegible] as a result of increasing royalties on the costs of constructing and operating the facility as well as the price differential between Canadian and upgraded products over the term of the contract.

Transcription of royalties of $[illegible] million in 2010 Q1 of the figure. Also in 2010 Q3.

Conventional oil royalties are estimated at $[illegible] million in 2010 Q1, $[illegible] million in 2010 Q2 (more than in 2010 Q1), and $[illegible] million in 2010 Q3 (more than in 2010 Q1). While they are anticipated to increase, they are forecast to only $[illegible] million by 2010 Q4 with average annual growth of [illegible]% between 2010 Q1 and 2010 Q4. Investments in the royalty structure have encouraged the use of new technologies to drill wells that previously would have been [illegible] wells to develop. Production has been since 2007. Due to increasing amounts of production [illegible] wells, coupled with the new [illegible] and royalty [illegible] wells, which placed a production [illegible] royalties.

Conventional oil royalties of $[illegible] million in 2010 Q1 of the figure. Also in 2010 Q3.

Oil consumption

	2010 Q1 (Actual)	2010 Q2 (Budget)	2010 Q3 (Forecast)	2010 Q4 (Forecast)	Q2 Q3 Change	Q3 Q4 Change
Revenue by Industry						
Personal royalty	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Crude oil royalty	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Prices						
WCS* Cushing blend royalties	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
WTI light heating royalties	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Differential royalties	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Production (thousands of barrels / day)						
Conventional	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total thermal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Exchange rate						
US$/CAD$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

Education property tax revenue is forecast at $2.4 billion in 2016-17, an increase of $153 million, or 6.8% from 2015-16. The increase is due primarily to setting the fiscal year requisition amount based on 3.2% of the total education system operating expense target, which was elevated by higher than expected K-12 enrolment growth for the 2015-16 school year, and then 1.3% growth for 2016-17. The government intends to determine the approach for setting the requisition amount as part of each annual budget process, providing flexibility with respect to property tax policy.

Education property tax mill rates for 2016 are being reduced by 0.8%. The residential farm rate will drop 2¢ to $2.69 per $1,000 of equalized assessment, and the non-residential rate will fall 3¢ to $3.66 per $1,000 of equalized assessment. Since the province took over responsibility for the education property tax in 1996, the proportion of provincial education property tax relative to total provincial and municipal property tax has fallen from 50% to 25%, while the municipal portion has increased from 50% to 75%. Education property tax revenue is forecast to increase $96 million by 2018-19, an average of 1.3% per year between 2016-17 and 2018-19.

Other tax revenue is forecast at $3.3 billion in 2016-17, an increase of $265 million, or 8.6% from 2015-16, but $953 million or 34% higher than in 2012-13. The change from 2015-16 primarily reflects the one percentage point increase to the insurance premiums tax, effective April 1, 2016, announced March 2015. The change from 2016-17 is mainly from the higher tobacco and fuel tax rates implemented in March and October 2015. Other tax revenue is anticipated to grow at an annual average of 2.3% between 2016-17 and 2018-19, reaching $3.5 billion.

Tax Revenue
(millions of dollars)

	2014-15 Actual	2015-16 Budget	2015-16 Forecast	2016-17 Estimate	2017-18 Target	2018-19 Target
Personal income tax	11,242	12,337	11,278	11,468	11,755	12,363
Corporate income tax	3,783	4,745	4,671	5,025	5,251	4,915
Education property tax	2,132	2,251	2,251	2,404	2,453	2,528
Carbon levy	–	–	–	276	1,247	1,726
Other taxes	2,412	3,054	3,054	3,329	3,448	3,540
Total	21,572	22,387	21,253	22,502	24,174	25,072

FEDERAL TRANSFERS

Federal transfers are forecast at $7.3 billion in 2016-17. This is an increase of $62 million or 0.8% from 2015-16, though 2015-16 revenue included a one-time payment of $251 million under the federal Fiscal Stabilization program. Removing this, 2016-17 revenue is up $293 million or 4.2% from 2015-16.

Federal transfers forecast to be $7.3 billion in 2016-17.

The Canada Social Transfer and Canada Health Transfer grow in line with the federal annual escalators (3% for CST and 6% for CHT until 2017-18 when the CHT escalator will be based on national nominal GDP growth) and changes to Alberta's share of the national population. Federal transfers are forecast to grow by an average of 2.6% between 2016-17 and 2019-19, reaching $7.7 billion.

The federal government has committed to providing provinces with significant support for infrastructure, to help deal with current economic difficulties. Since 2012-13, the Alberta Auditor General has required Alberta to adopt the option under accounting standards of deferring revenue recognition of transfers for infrastructure until the related asset is completed, and then to recognize the revenue against the corresponding amortization expense. In other words, Alberta will receive cash from the federal government, spend it on asset acquisition (capital investment), but not record anything in either revenue or expense. When the asset is completed, it will be added to the balance sheet, and then depreciated over time through amortization expense. On the revenue side, a liability is recorded (deferred capital contributions), and it too will be reduced over time as federal revenue is recognized to match amortization expense.

Federal transfers for infrastructure not reported in revenue when cash spent, but rather over multiple future years as related asset is depreciated.

Included in Capital Plan funding is therefore estimated cash to be received and spent, but the revenue is not reported until later and is spread out over the "life" of the asset. *Budget 2016* assumes $583 million in cash funding previously committed by the federal government for the Calgary ring road and another $700 million for other projects. Nothing is included related to the additional funding announced in the recent federal budget, as program parameters and other details have not been finalized.

Transfers from Government of Canada
(millions of dollars)

	2015-16 Actual	2015-16 Budget	2015-16 Forecast	2016-17 Estimate	2017-18 Target	2018-19 Target
Canada Health Transfer	3,601	3,667	4,005	4,225	4,344	4,519
Canada Social Transfer	1,452	1,513	1,516	1,553	1,608	1,659
Transfers to SUCH sector	521	494	494	508	522	525
Agriculture support programs	268	313	273	268	279	289
Infrastructure support	349	259	259	283	283	288
2013 Alberta flood assistance	(403)	-	-	-	-	-
Other transfers	402	618	559	618	614	611
Total	**6,590**	**6,864**	**7,106**	**7,379**	**7,649**	**7,887**

INVESTMENT INCOME

Investment income is forecast at $2.1 billion in 2016-17 a $651 million or 23.5% decrease from 2015-16, and $998 million or 32.1% lower than income in 2014-15. The decline in investment income is mainly due to significant gains from strong equity markets in 2013, and income from those gains being realized in subsequent years as the assets are sold. Indeed, 2013-14 investment income was the second highest level ever, and portions of gains embedded in Heritage and endowment fund assets from that year were realized in 2014, boosting 2014-15 income. A significant gain was also realized in 2015-16 when Alberta's interest in a toll road in Chile was sold.

Investment income drops in 2016-17 from previous years' strong results, but then grows by 8.2% per year as returns reset to normal levels.

Investment income is estimated to increase by an average of 8.2% per year between 2016-17 and 2018-19, as income realized by the Heritage and endowment funds, and overall financial market returns, reset to normal levels. Income now includes about $260 million from the SUCH sector, primarily reflecting reserves and post-secondary institution endowments.

Investment income from Alberta Capital Finance Authority (ACFA) is forecast to increase by an average of 17.8% per year between 2016-17 and 2018-19. ACFA, which accesses the government's triple A credit rating to borrow and then transfers that advantage to municipalities and other local authorities by on-lending the proceeds, is expecting increased lending activity. A large portion of the government's general debt servicing costs reflect this activity, and ACFA's investment income is approximately offset by the related debt servicing costs.

Investment income of Agriculture Financial Services Corporation (AFSC) is forecast to increase by an average of 12.4% per year between 2016-17 and 2018-19, due to higher interest income from lending programs and higher estimated balances in insurance funds.

Contingency Account employed to offset deficits and protect valued programs during this time of low oil prices and revenue challenges.

Investment income from the Contingency Account is forecast to decrease as its balance is exhausted in 2016-17, as is its function, to deal with the deficits associated with the current revenue challenge. As the government returns to surplus, the Contingency Account will be replenished.

Fund Assets / Investment Income
(millions of dollars)

	Assets as at Mar. 31, 2015	2014-15 Actual	2015-16 Forecast	2016-17 Estimate	2017-18 Target	2018-19 Target
Heritage Savings Trust Fund	14,961	1,825	1,643	1,185	1,325	1,449
Endowment Funds [a]	3,321	354	372	256	283	305
Contingency Account	6,529	116	108	62	-	-
Alberta Capital Finance Authority	15,062	225	190	187	178	218
Agriculture Financial Services Corp.	4,353	132	132	137	153	173
SUCH sector	n.a.	369	264	258	261	256
Other [b]	578	92	57	60	66	75
Total	**44,804**	**3,113**	**2,766**	**2,115**	**2,266**	**2,476**

[a] Includes Alberta Heritage Foundation for Medical Research Endowment Fund, Alberta Heritage Scholarship Fund and Alberta Heritage Science and Engineering Research Fund.

[b] Assets include the Cancer Prevention Legacy Fund and Alberta Enterprise Corporation; investment income includes income from these sources and other investment income from a variety of smaller funds and accounts.

OTHER REVENUE

Other revenue is forecast at $8.9 billion in 2016-17, $15 million lower than 2015-16. The decrease is primarily due to the broader impact of low oil prices on Alberta's economy. Gaming and lottery revenue is down $94 million, while net income from Alberta Treasury Branches (ATB) is $55 million lower. This follows an expected severe drop of $201 million from budget in 2015-16 ATB net income, due to higher loan loss provisions. Lower ATB net income also means that ATB's payment in lieu of taxes reported in "Other premiums, fees and licenses" has also been reduced. Forecasts for other volume-driven revenue sources, such as land titles and motor vehicle licenses are also slightly weaker. The two-year freeze on post-secondary tuition fees remains, saving students $65 million in 2016-17.

Alberta Treasury Branch net income and other volume-driven revenue also impacted by low oil prices.

Other revenue is estimated to grow by an average of 7.9% per year between 2016-17 and 2018-19, reaching $10.3 billion. This relatively strong growth is mainly due to increasing compliance payments to the Climate Change and Emissions Management Fund from large emitters who exceed their emissions targets, as part of the Climate Leadership Plan changes. Revenue is estimated to increase by $816 million between 2016-17 and 2018-19, with deeper emissions reduction targets and the higher carbon prices.

Revenue from Other Sources
(millions of dollars)

	2014-15 Actual	2015-16 Budget	2015-16 Forecast	2016-17 Estimate	2017-18 Target	2018-19 Target
AGLC - Gaming / lottery	1,526	1,545	1,545	**1,451**	1,481	1,510
AGLC - Liquor	767	851	854	**868**	879	895
Alberta Treasury Branches	325	283	82	**27**	226	272
Post-secondary tuition fees	1,116	1,138	1,138	**1,157**	1,199	1,199
Health / school board fees	672	669	671	**711**	724	681
Other premiums, fees and licences	1,776	1,880	1,779	**1,781**	1,882	1,934
SUCH sales, rentals, services	850	903	906	**950**	972	966
SUCH fundraising, donations, gifts	667	564	561	**568**	586	582
Climate Change and Emissions Management Fund	77	91	92	**101**	146	917
Other	2,226	1,193	1,239	**1,238**	1,266	1,346
Total	**10,002**	**9,117**	**8,867**	**8,852**	**9,361**	**10,302**

RISKS

Alberta relies heavily on revenue sources that are volatile and unpredictable, including non-renewable resources, corporate income tax and investment income. Since 2004-05, these revenue sources have accounted for anywhere between 35% and 55% of total revenue, but in 2016-17 they are estimated at less than 20% of total revenue. This revenue is linked to factors such as energy prices, equity markets, exchange rates, geopolitical events and global economic swings. These are all clearly unpredictable, can fluctuate rapidly, and are outside Alberta's influence. The drop in resource revenue and corporate income tax is directly tied to the current precipitous drop in oil prices.

Alberta has relied heavily on volatile, unpredictable revenue sources.

The degree of revenue uncertainty exposes the Alberta government uniquely relative to other governments. Like energy companies, banks and other

investors, Alberta must assess the degree of risk it is willing to take associated with its revenue outlook and spending decisions. The government decided in *Budget 2015* to implement revenue policy changes that broaden the amount of revenue raised from taxes and fees in order to improve sustainability of funding for programs. In *Budget 2016*, the government has decided to build in an annual risk adjustment that reduces the bottom line, as a way to signal the possible extent of a revenue shortfall. The adjustment is $700 million in the 2016-17 fiscal year, $1.5 billion in 2017-18 and $2 billion in 2018-19.

Budget 2016 contains risk adjustments to bottom lines, to signal possible revenue shortfalls.

GLOBAL AND US ECONOMIES

- *Budget 2016* assumes global economic growth of 3.4% in 2016 and 2017, based on solid performance in the US, but ongoing struggles in Europe, and mixed prospects for the emerging economies. Substantial risks remain.
- Weaker-than-forecast global growth would harm Alberta's revenue forecast, as oil prices would remain lower for longer.

ENERGY PRICES

Oil prices forecast at US$42 in 2016-17, and to rise to US$64 by 2018-19.

- Oil prices are expected to begin recovering at the end of 2016. WTI is forecast to average US$45 in 2015-16, and US$42 in 2016-17, and then to slowly ascend towards US$64 by 2018-19. Energy analysts continue to vary on the speed of recovery and the level prices will recover to, although most expect long-term prices to reach $70 sometime within the next five years.
- Price forecasts depend on an array of assumptions about demand and supply. Factors influencing demand include economic growth in disparate regions around the world, from the US to China to Europe, pipeline or refinery outages, and storage and speculative market activities by traders. On the supply side, investment and drilling decisions by producers, geopolitical events, civil unrest or terrorist strikes, economic sanctions, OPEC market-manipulation or simple weather-related production disruptions all have to be factored into forecasting.
- Without sufficient pipeline capacity, Alberta's growing bitumen production will be transported by more costly rail, increasing the light-heavy differential and lowering prices for Alberta producers and revenue for government.
- Natural gas prices remain weak due mainly to increasing production of US shale gas that has outstripped demand growth.

INTEREST RATES

- Interest rates are forecast to remain low with the fragile global economy. Lower rates generally help government investment income. While short-term investments perform poorly, the market value of bonds with higher rates held in endowment portfolios increase.
- Lower rates also typically encourage business investment, economic activity and consumer spending, all providing economic support to Alberta's resource-based economy harmed by the oil price weakness.
- Rates eventually will rise, posing a risk for indebted households, consumer spending and the government as substantial borrowing is planned, and higher rates make borrowing or refinancing of debt more expensive.

EXCHANGE RATES

- The US-Canadian dollar exchange rate has weakened considerably, in large part due to US economic strength relative to other global economies, but also due to the Bank of Canada keeping target interest rates down. The forecast assumes the dollar will remain low at 73.5US¢/Cdn$ in 2016-17, and move tepidly to 77.5¢ by 2018-19.
- A weaker Canadian dollar increases the value of oil exports and the demand for exports priced in Canadian dollars, helping Alberta's economic growth. Changes in the exchange rate affect the profitability of energy producers, which can affect investment and government resource revenue as energy prices and contracts are mainly in US dollars. Investment income is also impacted due to significant foreign holdings in the Heritage Savings Trust Fund and endowment funds.

EQUITY MARKETS

- While equity markets performed well in 2013, and 2014 income benefited, markets can be affected by a wide range of factors, such as the strength of the US economy, uncertainty regarding the European and developing economies, or fluctuations in commodity prices and interest rates.
- Alberta has significant assets invested globally in a variety of asset classes. The investment income forecast is based on long-term expected rates of return. Annual market performance and, in turn, investment income, could vary considerably from the average.

Alberta has significant assets invested globally in a variety of asset classes.

NET CORPORATE OPERATING SURPLUS

- Corporate profits in Alberta were hit hard in 2015, and are expected to weaken further in 2016 and take about half a decade to recover from low oil prices. Partly offsetting this are easing of labour and other costs, the positive impact of the low Canadian dollar on exports, and some strength in non-energy sectors. Energy investment also declined dramatically in response to the oil price decline, and as energy projects transition from the construction to production phase. However, it can be difficult to predict how forecast net corporate operating surplus translates to corporate income tax revenue, as taxable income can differ significantly from corporate profits, due to tax changes or discretionary deductions such as depreciation or prior-year losses.

Corporate net operating surplus forecast to take half a decade to recover to 2014 levels. Corporate income tax revenue is difficult to forecast.

Sensitivities to Fiscal Year Assumptions, 2016–17[a]
(millions of dollars)

	Change	Net Impact
Oil price (WTI US$/bbl)	-$1	-130
Light-heavy oil price differential (US$/bbl)	+$1	-70
Natural gas price (Cdn$/GJ)	-10¢	-25
Exchange rate (US¢/Cdn$)	+ 1¢	-85
Interest rates	+1%	-230
Primary household income	-1%	-170

[a] Sensitivities are based on current assumptions of prices and rates and show the effect for a full 12 month period. Sensitivities can vary significantly at different price and rate levels. The energy price sensitivities do not include the potential impact of price changes on the revenue from land lease sales.

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Alberta

FISCAL PLAN

EXPENSE

The Alberta JOBS PLAN BUDGET 2016

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EXPENSE

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EXPENSE

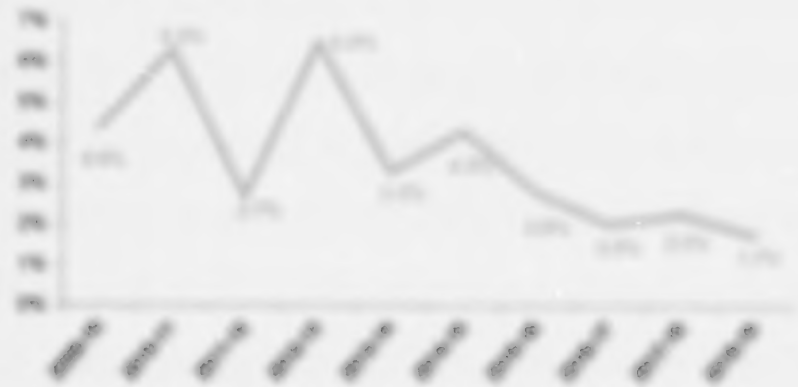
Budget 2016 keeps the government's commitment to provide stable funding for key public services, including health care, education and social services. At the same time, a number of cost-saving measures have been or will be implemented in *Budget 2016*. Compared to *Budget 2015*, the operating expense budgets for 2016-17 and 2017-18 are about $300 million lower each year.

Budget 2016 includes a number of cost-saving measures.

Operating Expense – Budget Comparison
(millions of dollars)

	2016-17			2017-18		
	Budget 2015	Budget 2016	Change	Budget 2015	Budget 2016	Change
Operating Expense	45,851	45,544	(307)	45,984	45,745	(239)
Less: Program Re-allocations/Prior-year Savings	(350)	(350)	–	(350)	(350)	–
Total Net Operating Expense	45,501	45,195	(307)	45,634	45,395	(239)

Operating Expense Increases



Sources: Alberta Treasury Board and Finance

With the spending adjustments in *Budget 2016*, including in-year savings of $250 million per year, the rate of growth in government operating expense will average 3% per year. This is well below the combined rate of population growth plus inflation projected for Alberta, which is expected to average 3% per year over the next three years.

Overall, *Budget 2016* includes $51.1 billion in total expense in 2016-17, including the Climate Leadership Plan. The four largest ministries (Health, Education, Advanced Education and Human Services) account for 75% of total expense.

Budget 2016 – Expense
(millions of dollars)

	2015-16 Actual	2015-16 Budget	2015-16 Forecast	2016-17 Estimate	2017-18 Target	2018-19 Target
Health	16,952	16,913	16,854	16,901	16,928	17,180
Education	7,908	7,978	7,914	7,913	8,060	8,208
Advanced Education[1]	5,529	5,524	5,756	5,468	5,594	5,721
Human Services[1]	3,845	4,171	4,169	4,148	4,029	4,060
Other Ministries and Legislative Assembly	11,369	11,482	10,742	10,470	11,018	11,079
Other Expense (net of in-year savings)	(50)	1,208	1,164	677	1,208	1,158
Contingency Expense – excluding Climate Leadership	41,553	47,276	46,599	45,577	52,411	53,554
Climate Leadership Plan	–	–	–	5,450	1,208	1,158
Total Expense	45,553	47,276	46,599	51,027	53,619	54,712

[1] Adjusted for government reorganization

Budget 2019 keeps the government's commitment to provide long-term sustainable funding for health care.

Health's consolidated expense is budgeted at $[illegible] billion in 2019-20 (excluding debt servicing costs). Budget 2019 keeps the government's commitment to provide long-term sustainable funding for health care, with Health's operating budget increasing by 3% in 2019-20. Almost per capita growth in health is higher than in expense provinces including Alberta's economic and fiscal circumstances. Budget 2019 limits the rate of growth in health spending while the government works with stakeholders to make the health care system fiscally sustainable while improving the quality of care.

Alberta Health Services (AHS). There is $[illegible] million budgeted for AHS operations in 2019-20. AHS will continue to identify operational efficiencies and other savings opportunities. This includes shifting from higher cost acute care to community-based services where possible, while additional funding for services provided by midwives is a cost pressure example.

Ministry of Health — Consolidated Expense
(excluding debt servicing costs, pension provisions and fiscal recovery) (Unaudited)
(millions of dollars)

	2018-19 Actual	2019-20 Budget	2019-20 Forecast	2020-21 Estimate	2021-22 Target	2022-23 Target
Alberta Health Services' Operations						
Family-Based Patient Services	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Administration and Support Services	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Diagnostic, Therapeutic and Other Patient Services	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Care-Based Services	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Physician Compensation and Development	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Information Systems	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Drugs and Supplemental Health Benefits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Community Programs and Healthy Living	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Research and Innovation	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Alberta Health Services Expense	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Department of Health						
Physician Compensation and Development	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Drugs and Supplemental Health Benefits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Diagnostic, Therapeutic and Other Patient Services	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Support Programs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Care-Based Services	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Community Programs and Healthy Living	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Information Systems	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Infrastructure Support	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cancer Prevention and Research	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ministry Support Services	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Department of Health Expense	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Health Quality Council of Alberta	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Consolidation and Accounting Policy Adjustments	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Physician Compensation and Development. There is a total of $[illegible] million in budgeted U.S. dollars for physician compensation and development programs for fiscal year [illegible], which includes [illegible] million U.S. dollars for [illegible] physicians and [illegible] medical residents. The government and the Ministry of Medical Services are currently undertaking negotiations with the aim of managing the cost of growth of the physician service budget and improving the effective provision of health care to Albertans.

Drugs and Supplementary Health Benefits. There is a total of $[illegible] million budgeted for these benefits in [illegible], including $[illegible] million for prescription drugs and $[illegible] million for chronic, special-need and other supplemental health benefits for seniors. This budget also includes a total of $[illegible] million for prescription seniors and specialized high-cost drugs.

Other Programs. There is $[illegible] million budgeted in [illegible] to support the premiums and services for [illegible] million persons from [illegible] to the [illegible] drug benefit program last year. There is $[illegible] million budgeted for human rights and life services and $[illegible] million for allied health services which include podiatry, optometry and osteopathy.

[illegible]

Education is consolidated spending is budgeted at $[illegible] billion in [illegible], including $[illegible] servicing a net enrolment in government. Budget [illegible] keeps the government's commitment to fully funds and boosts growth, as mandated by [illegible] about [illegible] students in [illegible]. [illegible] and [illegible] goals, as always to, helping a [illegible] enroll than ten averages over the next three years.

Budget [illegible] reflects the government's commitment to implement a [illegible] enrolment program with [illegible] million [illegible] budget [illegible] and then allocated over the following two years. [illegible] million in [illegible] and [illegible] million in [illegible]. The plan is within [illegible] that was been addressed in [illegible] a continuing [illegible] review. A fair system was applied by [illegible].

School Board Operations. There is $[illegible] million budgeted for public and separate school boards' operations in fiscal [illegible]. This budget includes:

- $[illegible] million for Grade [illegible] of Province to Grade 12 instruction, and [illegible] million in [illegible] initiatives;
- $[illegible] million to operate and maintain [illegible];
- $[illegible] million for amortization of existing [illegible];
- $[illegible] million to support student transportation;
- $[illegible] million for government and [illegible] administration; and
- $[illegible] million for program support services.

Teachers' Pensions. There is $[illegible] million in [illegible] for teachers' pensions current service payments included in the funding for [illegible], and a further $[illegible] million budgeted in Treasury Board and Finance to provide for the costs of the Teachers' Pre-1992 Pension Liability.

[illegible] million budgeted [illegible] million for compensation and development programs in [illegible].

Budget [illegible] keeps the government's commitment to fully [illegible] enrolment growth.

[illegible] million budgeted for public and separate school boards' operations in fiscal [illegible].

[illegible]

[illegible]

Employment and Income Support. There is $683 million budgeted in Human Services for these programs in 2016-17, including $480 million for income support programs. There is an additional $206 million budgeted in Health for related health benefits. These programs help eligible Albertans cover their basic cost of living and find or maintain jobs.

Child Care. There is $387 million budgeted in 2016-17 for child care programs. This budget will provide $10 million for new initiatives including phasing in an evidence-based practice framework for child care practitioners, planning to increase access to child care programs in communities with the most significant space pressures, and developing models for affordable child care options. *Budget 2016* delivers the government's commitment on $25/day child care.

Homeless and Outreach Support Services. There is $191 million budgeted in 2016-17 for these supports. This will help house about 2,000 homeless Albertans this year and support nearly 3,200 spaces in 25 homeless shelters, 710 beds in 30 women's emergency shelters, programming in 11 second-stage shelters, and outreach supports to women and children leaving family violence. Since 2005-10, about 12,250 Albertans who were homeless have been housed.

Alberta Child Benefit. There is $147 million budgeted in 2016-17 to implement the Alberta Child Benefit beginning July 1, 2016. This new benefit will provide up to $2,750 each year to Alberta's most vulnerable families, in support of 235,000 children.

Family and Community Support Services (FCSS). There is $101 million budgeted in 2016-17 for FCSS, keeping the government's commitment to provide increased support for these 80/20 partnerships between the province and 319 municipalities and Métis settlements.

Ministry of Human Services – Consolidated Expense (excluding flood recovery initiatives)
(millions of dollars)

	2015-16 Actual	2016-16 Budget	2016-16 Forecast	2016-17 Estimate	2017-18 Target	2018-19 Target
Persons with Disabilities Supports	1,047	1,067	1,060	1,089	1,136	1,122
Assured Income for the Severely Handicapped	310	340	340	870	1,001	1,014
Child Intervention	710	730	730	736	736	740
Employment and Income Support	511	510	470	480	703	736
Child Care	201	207	201	307	322	322
Homeless and Outreach Support Services	162	170	170	191	101	101
Alberta Child Benefit	-	-	-	147	136	136
Family and Community Support Services	70	101	101	101	101	101
Early Intervention Services for Children and Youth	50	50	50	60	50	55
Other Programs and Services	55	62	54	67	67	67
Ministry Support Services	41	41	41	40	40	40
Consolidation Adjustments	(70)	(70)	(70)	(70)	(70)	(70)
Total	**3,060**	**3,177**	**3,103**	**3,350**	**3,525**	**3,555**

JOBS, INVESTMENT AND DIVERSIFICATION

Economic Development and Trade. Consolidated expense is budgeted at $343 million in 2016-17. This budget includes $183 million in transfers to the Alberta Innovates Corporation, as four corporations are amalgamated into one under this ministry in 2016-17.

Economic Development and Trade is leading implementation of the new jobs, investment and diversification package. Over two years, this $250 million package will provide:

Budget 2016 provides $259 million over two years for a new jobs, investment and diversification package.

- $90 million for a new Alberta Investor Tax Credit that will provide investors a tax credit for investing in eligible small and medium enterprises in Alberta.
- $75 million for a new Capital Investment Tax Credit that will provide a tax credit supporting the first time acquisition of new and used property in value-added agriculture, manufacturing and processing, tourism infrastructure and culture industries.
- $25 million for the Alberta Enterprise Corporation. This will be invested by the Corporation in early stage as well as clean technology focused venture capital to spur innovation and help grow companies and increase employment in this sector. This is in addition to the $50 million included in *Budget 2015* for investments by the Corporation.
- $25 million for attracting and supporting new businesses. This includes $10 million in support to entrepreneurs and small or medium-sized enterprises commercialization efforts; $10 million to expand the Agrivalue Processing Business Incubator in Leduc, and $5 million to attract major new business investment or company headquarters to Alberta.
- $25 million for apprenticeship and training. This includes a $15 million program to support apprenticeship focused training opportunities and $10 million to provide occupationally focused training opportunities.
- $10 million to support regional economic development initiatives that drive investment, business growth, job creation and diversification throughout Alberta.

CLIMATE LEADERSHIP PLAN

Under the Climate Leadership Plan, gross revenue raised from compliance payments from large industrial emitters and the carbon levy will be fully reinvested in Alberta's economy. This will provide $9.6 billion over the first five years of the Plan to be used to fund investments to further reduce emissions and help households, businesses and communities adjust to the new carbon price.

Budget 2016 implements the Climate Leadership Plan.

Priority areas for investment under the Plan include:

Bioenergy. Bioenergy is a renewable resource which supports economic development opportunities across Alberta in sectors such as agriculture and forestry.

Energy Efficiency. Through a new agency, Energy Efficiency Alberta, $45 million will be invested in 2016-17 to help households, businesses and communities reduce their energy consumption and greenhouse gas emissions. Energy Efficiency Alberta will provide education and outreach, energy audits and incentives to encourage energy efficiency and community energy systems.

Green Infrastructure. Support will be provided to municipalities for public transit and other green infrastructure. Green build programs will be integrated into the planning for government-owned assets. The $5 million budgeted in 2016-17 is for project planning.

Innovation and Technology. In partnership with other governments and industry, funding will support transformative research, innovation and technology focused on Alberta's climate change objectives.

Renewable Energy. The government will support a transparent and competitive process through the Alberta Electric System Operator to bring on new, large scale renewable generation capacity in Alberta. The first competition will launch in late 2016 with the first projects potentially in service by 2019.

Plan Implementation. The Alberta Climate Change Office will provide leadership and coordination of all implementation activities under the Plan.

Initiatives to help Alberta consumers and businesses adjust to the new carbon price include the consumer rebate program, expected to provide $95 million in 2016-17, and a 1% reduction in the small business tax rate effective January 1, 2017. These initiatives are described in detail in the Tax Plan chapter.

Funding will also be provided to help communities most affected by the phase out of emissions from coal-fired electricity generation, including training to help impacted workers transition into other areas of the economy. Support will also be provided to Indigenous communities to enable them to participate in all facets of the Climate Leadership Plan. There is $10 million budgeted in 2016-17 for these adjustment programs.

OTHER MINISTRIES

Agriculture and Forestry. Consolidated expense is budgeted at $1.1 billion in 2016-17 (excluding debt servicing costs). This budget provides $466 million for crop, hail and livestock insurance and $129 million for agriculture income support programs; $103 million for industry development to support ongoing efforts to expand existing and open new markets for Alberta's agricultural products, and $48 million to ensure food safety and animal health.

Culture and Tourism. Consolidated expense is budgeted at $334 million in 2016-17 (excluding flood recovery initiatives). This budget provides $99 million for Community and Voluntary Support Services, including $38 million under the Community Facility Enhancement Program and $7 million in new funding for cultural infrastructure. This budget also provides $75 million in support for creative industries, including $37 million for the Alberta Media Fund. There is also $62 million for tourism marketing and

development. The *Budget 2015* commitment to provide additional support to the Alberta Foundation for the Arts has been deferred.

Energy. Consolidated expense is budgeted at $769 million in 2016-17. This budget provides $245 million for operations of the Alberta Energy Regulator and $36 million for the Alberta Utilities Commission. The budget for Orphan Well Abandonment, which nearly doubled in 2015-16 to $30.5 million, will be maintained at this level in *Budget 2016*.

Environment and Parks. Consolidated expense is budgeted at $459 million in 2016-17 (excluding the Climate Leadership Plan and flood recovery initiatives). This budget provides $74 million for ongoing parks operations and infrastructure management, including the costs of Parks Conservation Officers who have been transferred back to Environment and Parks from Justice and Solicitor General. This budget also provides $77million for water management and $46 million for land management programs. The *Budget 2015* commitments for enhanced environmental enforcement and an energy retrofit loan program have been deferred.

Executive Council. Consolidated expense is budgeted at $26.9 million in 2016-17. This budget provides $6.9 million for public affairs and $4.2 million for intergovernmental relations.

Indigenous Relations. Consolidated expense is budgeted at $186 million in 2016-17 (excluding flood recovery initiatives). This budget provides $126 million for the First Nations Development Fund and $32 million for First Nations and Métis Relations. There is $3 million allocated to help build a new relationship with Indigenous peoples and support initiatives in response to the United Nations Declaration on the Rights of Indigenous Peoples.

Infrastructure. Consolidated expense is budgeted at $670 million in 2016-17 (excluding flood recovery initiatives and debt servicing costs). This budget provides $371 million for property management operations and $217 million for realty services including leases and land sales.

Justice and Solicitor General. Consolidated expense is budgeted at $1.4 billion in 2016-17. This budget provides $501 million for ongoing Public Security programs including policing, provincial sheriffs, enforcement and the Alberta First Responders Radio Communications System. Funding for contract policing is $239 million in 2016-17, providing RCMP officers across the province. This budget also provides $266 million for Correctional Services, $91 million for the Crown Prosecution Service and $68.5 million for Legal Aid.

Labour. Consolidated expense is budgeted at $212 million in 2016-17. This budget provides $122 million for workforce strategies, including $38 million for skills and training support and $35 million for labour market programs. *Budget 2016* keeps the commitment to reintroduce the Summer Temporary Employment Program (STEP), with $10 million per year.

> Budget 2016 *keeps the commitment to reintroduce the Summer Temporary Employment Program (STEP).*

Municipal Affairs. Consolidated expense is budgeted at $1.8 billion in 2016-17. This budget provides $1.2 billion to municipalities through the Municipal Sustainability Initiative, including $360 million in basic municipal transportation grants. This budget also provides $56 million for Grants in Place of Taxes and $37 million for public library services.

Seniors and Housing. Consolidated expense is budgeted at $644 million in 2016-17 (excluding debt servicing costs). This budget provides $357 million for the Alberta Seniors Benefit, supporting about 150,000 low income seniors. This budget also provides $230 million for programs delivered by the Alberta Social Housing Corporation, with $94 million for seniors housing and $67 million for the rental assistance program.

Service Alberta. Consolidated expense is budgeted at $305 million in 2016-17. This budget provides $197 million for technology and business services to government ministries, centralizing core administrative functions to maximize their efficiency and effectiveness. This budget also provides a total of $95 million for services to Albertans, including Motor Vehicles and Other Registry Services, Land Titles and Consumer Awareness and Advocacy. This reflects $3 million in savings from the switch to electronic reminders for registration, licence and identification card renewals.

Status of Women. Consolidated expense is budgeted at $7.6 million in 2016-17. This budget will support integration of gender equality into government policy and programs with a focus on ending violence against women and girls, increasing women's economic security as well as supporting women in leadership.

Transportation. Consolidated expense is budgeted at $1.3 billion in 2016-17 (excluding debt servicing costs). This budget provides $443 million for on-going Provincial Highway Maintenance and Preservation, and a total of $255 million in capital grants to municipalities for programs including GreenTRIP, the Municipal Water Wastewater Program and Water for Life. The *Budget 2015* commitment for rural bus initiatives has been deferred. A rural bus service pilot program will be developed as part of the provincial transit strategy.

There is $137 million budgeted in 2016-17 for the Alberta Family Employment Tax Credit.

Treasury Board and Finance. Consolidated expense is budgeted at $1.5 billion in 2016-17 (excluding the Climate Leadership Plan, debt servicing costs and pension provisions). This budget provides $475.5 million for the Teachers' Pre-1992 Pension Liability, $457 million for operations of the Alberta Investment Management Corporation and $137 million for the enhanced Alberta Family Employment Tax Credit.

PUBLIC SECTOR COMPENSATION

Total public sector compensation costs of $25.2 billion are budgeted in 2016-17, or one-half of total expense. This includes the costs of existing collective agreements and reflects the savings from freezing management salaries in the Alberta Public Service, government agencies including Alberta Health Services (AHS) and political staff. Continued hiring restraint by government departments will limit the growth in the Alberta Public Service in 2016-17. Across the broader public sector, there are increases in front-line staffing levels for school boards and AHS.

***Budget 2016* – Public Sector Compensation**

(millions of dollars)

	2014-15 Actual	2015-16 Budget	2015-16 Forecast	2016-17 Estimate	2017-18 Target	2018-19 Target
Alberta Health Services (includes physician payments)	7,532	7,611	7,718	**7,760**	7,864	7,949
School Boards	5,511	5,609	5,648	**5,863**	5,980	6,100
Post-Secondary Institutions	3,181	3,398	3,398	**3,495**	3,593	3,664
Alberta Public Service (departments)	2,678	2,806	2,798	**2,772**	2,775	2,826
Other Government Agencies[a]	600	620	612	**614**	619	633
Environmental Protection and Enhancement Fund[b]	25	129	129	**10**	10	11
Sub-total	19,527	20,173	20,303	**20,514**	20,841	21,183
Physician Compensation and Development[c]	4,291	4,604	4,652	**4,693**	4,803	4,864
Total Public Sector Compensation Costs	**23,818**	**24,777**	**24,955**	**25,207**	**25,644**	**26,047**

[a] Excludes Environmental Protection and Enhancement Fund.

[b] Environmental Protection and Enhancement Fund includes seasonal employees engaged in wildfire suppression activities.

[c] Physcian Compensation and Development amounts are net of physician payments included in Alberta Health Services.

SUPPLIES AND SERVICES

The budget for supplies and services, including payments to contracted agencies, is $12.5 billion in 2016-17, or one-quarter of total expense. The 2016-17 budget for supplies and services for government departments is $87 million lower than the 2015-16 budget. AHS, school boards, post-secondary institutions and major agency contracts were exempt from the cost saving measures related to supplies and services implemented in *Budget 2016*.

***Budget 2016* – Supplies and Services**

(millions of dollars)

	2014-15 Actual	2015-16 Budget	2015-16 Forecast	2016-17 Estimate	2017-18 Target	2018-19 Target
Alberta Health Services	4,731	4,770	4,853	**5,084**	5,220	5,262
School Boards	1,310	1,237	1,239	**1,273**	1,310	1,318
Post-Secondary Institutions	1,152	1,279	1,228	**1,244**	1,268	1,276
Government Departments	3,617	3,779	3,660	**3,692**	3,715	3,776
Other Government Agencies[a]	646	619	653	**652**	657	700
Agriculture Financial Services Corporation[b]	606	925	700	**566**	565	577
Environmental Protection and Enhancement Fund[c]	127	250	270	**13**	13	12
Total Supplies and Services	**12,189**	**12,858**	**12,603**	**12,524**	**12,748**	**12,921**

[a] Excludes Agriculture Financial Services Corporation and Environmental Protection and Enhancement Fund.

[b] Agriculture Financial Services Corporation includes contracts and other costs for agriculture disaster assistance in 2015-16.

[c] Environmental Protection and Enhancement Fund includes contracts and equipment engaged in wildfire suppression activities.

ABC REVIEW

In November 2015, the government announced a review of agencies, boards and commissions (ABCs), focused on improving services and ensuring value for Alberta taxpayers. The first phase of the review, which is nearing completion, included 136 public agencies subject to the *Alberta Public Agencies Governance Act*. The second phase, to be concluded by Fall 2016, includes 146 agencies that are not governed under the Act. The third and final phase, to be concluded by early 2017, will focus on the boards of governors at public post-secondary institutions.

Based on the review to date, 11 agencies will be amalgamated in some fashion, and 15 agencies will be dissolved with the relevant functions brought into government departments. In some cases, stakeholder consultations will be undertaken to assist with the development of implementation plans.

Budget 2016 reflects savings of $33 million over three years related to phase one changes. Additional savings from the remaining phases of the review will be reflected in *Budget 2017*.

ABC Review

Agencies to be Amalgamated or Dissolved

Amalgamate:

- Alberta Innovates Corporations
  (four agencies into one under Economic Development and Trade)
- Land Compensation Board, Municipal Government Board, New Home Buyer Protection Board, Surface Rights Board
- Calgary and South, Central, Edmonton and North Mental Health Review Panels

Dissolve:

- Agricultural Development Committee
- Agricultural Operation Practices Act Policy Advisory Group
- Alberta Environmental Monitoring, Evaluation and Reporting Agency
- Alberta Farm Safety Advisory Council
- Alberta Grains Council
- Alberta Livestock and Meat Agency Ltd.
- Alberta Next Generation Advisory Council
- Alberta Recreation Trails Partnership
- Alberta Strategic Tourism Council
- Buffalo Lake Management Team
- Disabled Hunter Review Committee
- Government House Foundation
- Seniors Advisory Council for Alberta
- Utilities Consumer Advocate Advisory Board
- Wild Rose Foundation

Alberta

FISCAL PLAN

CAPITAL PLAN

The Alberta JOBS PLAN 2016

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CAPITAL PLAN

With the serious economic challenges facing the province, Albertans are looking to their government to develop a thoughtful and prudent path forward. By continuing government's significant investment in infrastructure, the *Budget 2016* Capital Plan sets the course to renewed sustainability.

The five-year, $34.8 billion Capital Plan will help stimulate the economy, keep people working, and address the province's infrastructure deficit. This crucially worthy investment creates jobs in the short and medium term and builds a strong economic foundation for future generations.

The *Budget 2016* Capital Plan takes an evidence-based approach to investing over $6 billion that was set aside in *Budget 2015* for new projects and programs. Investing in the key social programs and services that Albertans rely on, encouraging economic development in communities and protecting the environment. Projects in the Capital Plan have gone through an extensive review for alignment with these government priorities. The criteria used to review projects in the Capital Plan is posted online at [illegible].

> *The Budget 2016* Capital Plan supports $34.8 billion in projects over five years.

Budget 2016 Capital Plan – Allocation by Envelope
(% of total[1])

Roads and Bridges 13%
Climate Change, Environmental Protection & Sustainability 13%
Capital Maintenance & Renewal 19%
Schools 13%
Health Facilities & Equipment 11%
Other Capital Investments 3%
Adult Corrections & Justice 3%
Family, Social Supports & Housing 7%
Sports, Arts, Recreation & Culture 1%
Municipal Infrastructure Support 22%

[1] Excludes $4.4 billion in self-financed capital investment by Alberta Health Services and secondary institutions and school boards.

[redacted]

[illegible]

The Budget 2019 Capital Plan increases the annual funding provided for capital maintenance and renewal to address the investment requirements from multi-modal audits. Capital assets that are able to continue serving the needs of Albertans. Over the next five years, the Capital Plan invests $6.2 billion in capital maintenance and renewal, including $1.2 billion for roads and bridges, $1.1 billion for schools, $777 million for post-secondary institutions, $700 million for health facilities, and $340 million for justice facilities and housing.

> Plans to rehabilitate bridges and the paved road network to address investment requirements and maintain safe, reliable transportation networks.

Other Capital Investments

The five-year Capital Plan also provides:

- $6.2 billion for roads and bridges – including $1.4 billion for the Calgary and Edmonton ring roads and $1.1 billion for continuing rehabilitation and maintenance projects with $340 million to start building the new Peace River bridge.
- $900 million for post-secondary facilities – including the new Cold Lake campus, Olds College, Portage College, Grande Prairie Regional College, NAIT, Northern Lakes College, Red Deer College, the University of Calgary and the University of Lethbridge.
- $1.1 billion for schools – including $1.0 billion to complete, address emergent health and safety issues in, and modernize existing schools and $100 million for modular classrooms in Calgary and Edmonton.
- $120 million for the planning of future projects.

There is another $1.1 billion for capital investment and financial [illegible] Health Services, $1.7 billion for post-secondary institutions, $1.1 billion for roads and bridges, $600 million for schools, and $1.6 billion for other projects.

Capital Plan Details, *continued*

(millions of dollars)

	2016-17 Estimate	2017-18 Target	2018-19 Target	2019-20 Projected	2020-21 Projected	4-Year Total
Health Facilities and Equipment						
Addictions and Detox Centres	6	6	-	-	-	12
Calgary Cancer Centre	15	100	205	410	570	1,300
Child, Adolescent and Family Mental Health (CAFMH)	6	-	-	-	-	6
Clinical Information System	-	100	100	100	100	400
Continuing Care Beds	40	100	100	100	-	340
Edson Healthcare Centre	24	5	-	-	-	29
Equipment for Cancer Corridor Projects	11	-	-	-	-	11
Foothills Medical Centre (Calgary)	14	5	15	-	-	34
Fort McMurray Residential Facility-Based Care Centre	1	2	10	31	-	42
Future Health Facility Projects (Unallocated)	100	100	100	100	100	500
Grande Prairie Regional Hospital	114	100	70	10	-	327
Health Facility Project Planning Funds	5	5	5	-	-	15
High Prairie Health Complex	51	5	-	-	-	56
Lethbridge Chinook Regional Hospital	5	5	-	-	-	10
Lloydminster Continuing Care Centre	3	3	-	-	-	6
Medical Equipment Replacement and Upgrade Program	25	25	25	25	25	125
Medicine Hat Regional Hospital	24	12	10	9	8	63
Misericordia Hospital – Planning	5	5	-	-	-	10
Northern Alberta Urology Centre	20	5	-	-	-	25
Northern Lights Regional Health Centre Repairs (Fort McMurray)	13	10	11	3	-	40
Other Health Initiatives	1	-	-	-	-	1
Peter Lougheed Centre (Women's Services and Vascular Renovations) (Calgary)	12	17	3	-	-	32
Provincial Hotlands	5	2	4	-	-	11
Red Deer Obstetrical	7	3	-	-	-	9
Royal Alexandra Hospital – Planning	5	5	-	-	-	10
Rural and Urgent Care Health Facility Design	3	-	-	-	-	3
South Health Campus (Calgary)	10	-	-	-	-	10
Stollery Children's Hospital - Pediatric Surgical Suite Expansion (Edmonton)	5	-	-	-	-	5
Stollery Children's Hospital Critical Care Program (Edmonton)	11	12	10	10	8	51
Strathcona Community Hospital (Sherwood Park)	10	-	-	-	-	10
Total Health Facilities and Equipment	**570**	**740**	**777**	**930**	**910**	**3,870**

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Capital Plan Details, *continued*

(millions of dollars)

	2016-17 Estimate	2017-18 Target	2018-19 Target	2019-20 Projected	2020-21 Projected	5-Year Total
Municipal Infrastructure Support						
Community Facility Enhancement Program	38	38	38	38	38	190
Federal Gas Tax Fund	219	219	230	230	230	1,127
GreenTRIP	125	255	200	200	134	914
Municipal Sustainability Initiative						
Municipal Sustainability Initiative – Capital	846	846	846	776	921	4,235
Basic Municipal Transportation Grant	360	370	380	391	354	1,853
New Building Canada – Small Communities Fund	74	31	17	10	-	132
New Building Canada Fund (Edmonton Valley Line LRT)	-	60	30	30	-	120
Strategic Transportation Infrastructure Program	-	25	65	-	-	100
Municipal Transit Initiatives	-	100	105	100	-	305
Total Municipal Infrastructure Support	**1,662**	**1,964**	**1,910**	**1,774**	**1,676**	**8,976**
Public Safety and Emergency Services						
Courthouse Renewal	19	20	20	10	-	69
Alberta First Responders Radio Communications System	36	7	4	3	-	50
Kananaskis Emergency Services Centre	3	10	5	-	-	19
Disaster Recovery Program	3	4	-	-	-	6
Calgary Remand Centre Divided Living Units	5	-	-	-	-	5
Calgary Courts Parkade, Urban Park and Historic Court of Appeal Restoration	3	-	-	-	-	3
Planning Funds	2	1	-	-	-	3
Total Public Safety and Emergency Services	**71**	**41**	**30**	**13**	**-**	**155**

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Capital Plan Details, *continued*

(millions of dollars)

	2016-17 Estimate	2017-18 Target	2018-19 Target	2019-20 Projected	2020-21 Projected	5-Year Total
Roads and Bridges						
41st Avenue Interchange (Edmonton)	28	-	-	-	-	28
Assessment and Support Systems	21	21	21	21	21	105
Edmonton/Calgary Ring Roads	527	587	569	574	650	2,907
Fort McMurray Land Exchange with the Regional Municipality of Wood Buffalo	11	13	36	-	-	60
Fort McMurray Urban Area Upgrades	18	-	-	-	-	18
Gaetz Avenue/Taylor Drive Interchange (Red Deer)	20	40	40	-	-	100
Grande Prairie – Highway 43 Bypass	26	28	-	-	-	54
Highway 2 Corridor Expansion Planning	3	-	-	-	-	3
Highway 19 (East and West ends)	10	60	-	-	-	70
Highway 63 Twinning (Grassland to Fort McMurray)	68	15	-	-	-	83
Highway Twinning, Widening and Expansion	169	194	141	194	194	892
Interchanges, Intersections and Safety Upgrades	28	15	12	12	12	79
Other Road and Bridge Projects	3	6	6	6	6	27
Parsons Creek Land Development Interchanges (Fort McMurray)	-	-	1	15	15	31
Peace River Bridge	20	100	40	-	-	160
Total Roads and Bridges	**952**	**1,079**	**866**	**822**	**898**	**4,617**
Schools						
200 New and Modernization Projects	1,608	903	343	13	-	2,867
2016 School Capital Priorities	-	125	125	125	125	500
Schools – Modulars and Other Grant Funded Projects	50	50	50	-	-	150
Education Planning Funds	-	1	1	1	1	4
Total Schools	**1,658**	**1,079**	**519**	**139**	**126**	**3,521**
Sports, Arts, Recreation & Culture						
Calgary Zoo – Expansion	3	4	3	-	-	10
Fort Edmonton Park – Expansion	4	16	14	-	-	34
Other Parks Projects	2	2	1	-	-	5
Parks Lower Athabasca Regional Plan Implementation	5	5	5	5	5	25
Parks South Saskatchewan Regional Plan Implementation	10	10	10	10	10	50
Royal Alberta Museum (Edmonton)	83	36	-	-	-	119
Royal Tyrrell Museum Palaeontology – Expansion (Drumheller)	7	2	-	-	-	9
Winsport (COOA) – Sliding Track Refurbishment	-	5	5	-	-	10
Total Sports, Arts, Recreation & Culture	**114**	**80**	**38**	**15**	**15**	**262**
Contingency / Emergent Projects	**92**	**22**	-	-	-	**114**
Total Capital Plan – Core Government	**7,623**	**7,804**	**6,892**	**6,433**	**6,300**	**34,753**
Schools, Universities, Colleges, Hospitals (SUCH) Sector – Self-financed Investment	**858**	**700**	**977**	**935**	**901**	**4,431**
Total Capital Plan – Fully Consolidated basis	**8,481**	**8,264**	**7,870**	**7,369**	**7,201**	**39,184**

UNFUNDED CAPITAL PROJECTS (as of April 14, 2016)

As part of the commitment to transparency and openness, for the first time the government is presenting a list of unfunded capital projects as an addendum to the *Budget 2016* Capital Plan. It is comprised of projects presented by departments that met priority criteria and fit within the three pillars of the Capital Plan: key social programs and services that Albertans rely on; encouraging economic development in communities, and protecting the environment.

Some of these projects will receive funding for planning as part the *Budget 2016* Capital Plan. If the projects meet the criteria and there is funding available, they will be reflected in future capital plans. Adjustments to the *Budget 2016* Capital Plan and this list will be made to address emerging needs and issues around the province. Finally, this list is not all-encompassing, there are many worthy projects in Alberta that are not reflected here.

Infrastructure Project Name	Department
A.R. Schrag Renovations, Alberta Hospital Edmonton	Health
Alberta Innovates Technology Futures Devon and Millwoods facilities	Economic Development & Trade
Aspen View Public School Division No. 78: H.A. Kostash School Modernization and Rightsizing	Education
Athabasca University – Information Technology Capital	Advanced Education
Black Gold Regional Division No. 18 (2245): Ecole Secondaire Beaumont Composite High School	Education
Black Gold Regional Division No. 18 (2245): Willow Park School	Education
Buffalo Trail Public Schools Regional Division No. 28 (1155): Irma School	Education
Calgary Board of Education: Cougar Ridge Elementary	Education
Calgary Board of Education: Coventry Hills/Country Hills Village Elementary	Education
Calgary Board of Education: Cranston Elementary	Education
Calgary Board of Education: Evergreen Elementary	Education
Calgary Board of Education: Forest Lawn High School	Education
Calgary Board of Education: John Diefenbaker High School	Education
Calgary Catholic School District: Airdrie Elementary School	Education
Calgary Catholic School District: Auburn Bay Elementary	Education
Calgary Catholic School District: St. Bonaventure School	Education
Calgary Catholic School District: St. Boniface School	Education
Calgary Court of Appeal Planning Study	Justice and Solicitor General
Calgary Ring Road – Upgrades - New bridge crossing over the Bow River (North West) - Interchange upgrade at Crowchild Trail (North West) - New bridge over Scenic Acres Link / Tuscany Boulevard / CPR (North West) - Median lane widening along east side of Stony Trail between 16th Ave NE to 17th Ave SE (East)	Transportation
Calgary Rotary/Mattamy Greenway Project	Culture and Tourism
Canadian Rockies School Division: Banff Elementary School Phase 2	Education
Christ the Redeemer Catholic Separate Regional Division: Holy Cross Collegiate	Education
Completion of Alberta portion of Trans Canada Trail	Culture and Tourism
Correctional Facilities Renewal Planning Study	Justice and Solicitor General
Cross Cancer Institute (Edmonton) – Phase 1	Health
Customer Relationship Management – Information Technology System	Economic Development & Trade
East Central Alberta Catholic Separate Schools Regional Division No. 16 (4330): Replacement of St. Thomas Aquinas School	Education
Edmonton Catholic Separate School District No. 7 (0110): New Elementary School in Meadows	Education
Edmonton Catholic Separate School District No. 7 (0110): New Grade 5-9 school in Castledowns _Rapperswill	Education
Edmonton Ring Road – South West Upgrades - Widening both directional lanes from 2 to 3 lanes (Whitemud Drive to Highway 2) - Widening of bridges at North Saskatchewan River and Wedgewood Ravine - New bridges to accommodate ramps at Whitemud Drive - Safety/operational improvements at 119th Street and 127th Street	Transportation

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Unfunded Capital Projects (as of April 14, 2016), *continued*

Infrastructure Project Name	Department
Edmonton School District No. 7 (3020): Brander Gardens School	Education
Edmonton School District No. 7 (3020): Highlands Junior High School	Education
Edmonton School District No. 7 (3020): Meadows 7-9	Education
Edmonton School District No. 7 (3020): Pilot Sound K-6	Education
Elk Island Catholic Separate Regional Division No. 41 (0046): Ecole Pere Kenneth Kearns Catholic School Add and Mod	Education
Elk Island Public Schools Regional Division No. 14 (2195): Wye School	Education
Equipment Maintenance and Renewal	Justice and Solicitor General
Fort McMurray Seasonal Employee Housing	Agriculture and Forestry
Fort McMurray Public School District No. 2833: Ecole Dickinsfield School	Education
Glenbow Museum – Deferred Maintenance	Culture and Tourism
Grande Prairie Roman Catholic Separate School District No. 28 (4130): St Patrick Catholic School Modern and Dem Phase 2	Education
Grande Prairie School District No. 2357 (3240): Grande Prairie Composite High School Replacement	Education
Greater North Central Francophone Education Region: Ecole Joseph Moreau	Education
Highway 1, Medicine Hat Intersection Improvements at Hwy 1 and 3 (Intersection Improvement) /	Transportation
Highway 1, Interchange Upgrade at Hwy 1 and 22 (Interchange Upgrading)	Transportation
Highway 1A, Interchange Improvement at Hwy 1A and 22 (Town of Cochrane) (Interchange – Grade, Base, Paving)	Transportation
Highway 2, Balzac Interchange Replacement (Interchange Upgrading)	Transportation
Highway 2, Interchange at Cardiff Road, S of Morinville (Interchange – Grade, Base, Paving)	Transportation
Highway 2A, Red Deer to Blackfalds (Twinning – Grade, Base, Stage Paving)	Transportation
Highway 11A, E of Hwy 2 – Hwy 2A (City of Red Deer) (Twinning – Grade, Base, Stage Paving)	Transportation
Highway 19 Completion of Twinning (East of Highway 60 to West of Highway 2)	Transportation
Highway 22, Bridge Widening and Priddis Intersection Improvement, E of Fish Creek to W of Fish Creek (Passing / Climbing Lane)	Transportation
Highway 28, Construct Roundabout, W of Waskatenau (Intersection Improvement)	Transportation
Highway 63, Prairie Creek Culvert Replacement (Structure Replacement)	Transportation
Highway 567, High Load Staging Area, 4 km W of Hwy 22 (Safety Rest Area)	Transportation
Highway 697, La Crete (Tompkins) Ferry Replacement (Structure Replacement)	Transportation
Highway 813, Athabasca River Bridge Replacement on Highway 813 (Structure Replacement)	Transportation
Highway 817, Hwy 24 – Hwy 901 (Reconstruct / Re-Alignment)	Transportation
Highway 834, Tofield Bypass (Re-Alignment) (Reconstruct / Re-Alignment)	Transportation
Highway 881, Safety and Roadway Improvements at various locations – passing and climbing lanes, truck staging areas, improved rest areas, and intersection improvements at various locations (Passing / Climbing Lane)	Transportation
Hinton Training Centre Renovation and Expansion	Agriculture and Forestry
Holy Spirit Regional Division: Country Meadows Elementary School	Education
Horizon School Division: Erle Rivers High School	Education
Housing for Homeless Families – Permanent Supportive Housing (Calgary)	Human Services
Inpatient Unit Fit-Outs, Chinook Regional Hospital, Lethbridge	Health
Integrated Resource Management – Information Technology System	Energy
Jubilee Auditoria Back of House Upgrades	Culture and Tourism
Lakeland College – Animal Health Technology Clinic	Advanced Education
Lakeland College Dairy Barn	Advanced Education
Lakeland Roman Catholic Separate School District No. 150 (4105): Holy Family Catholic School	Education
Lethbridge School District: Galbraith School	Education

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Unfunded Capital Projects (as of April 14, 2016), *continued*

Infrastructure Project Name	Department
Livingstone Range School Division No. 68: Nanton Solution (A.B. Daley / J.T. Foster)	Education
Medical Device Reprocessing (MDR) – Phase 1	Health
Medicine Hat Public School District: Connaught School	Education
New Red Deer Courthouse	Justice and Solicitor General
Northern Gateway Regional Division No. 10 (2275): New Valleyview K-12 School	Education
Northern Lakes College – Community Learning Centres Project Phase 1	Advanced Education
Northern Lights School Division No. 69 (1245): Bonnyville Centralized High School	Education
Norwood Long Term Care Facility, Edmonton	Health
Palliser School Division No. 26: Huntsville School	Education
Parkland School Division No. 70 (2305): Woodhaven Preservation, Modernization	Education
Peace Wapiti School Division No. 76: New K-8 School in Heritage Heights or Flying Shot Lake	Education
Permanent Supportive Housing (Grande Prairie)	Human Services
Permanent Supportive Housing (Lethbridge)	Human Services
Peter Lougheed Centre, Emergency Department and Laboratory	Health
Prairie Land School Division: Delia School	Education
Provincial Archives of Alberta – Vault & Public Spaces Expansion	Culture and Tourism
Raven Brood Trout Station	Agriculture and Forestry
Red Deer Catholic Regional Division No. 39: St. Patrick's Community School	Education
Red Deer College – Centre for Health,Wellness & Sport – 2019 Canada Winter Games Facilities	Culture and Tourism
Regional Library Systems Headquarters	Municipal Affairs
Reynolds-Alberta Museum New Artifact Centre	Culture and Tourism
Rocky View School Division: George McDougall	Education
Rocky View School Division: New West Airdrie (Hillcrest)	Education
St. Albert Public School District No. 5565: New High School Space Solution	Education
St. Thomas Aquinas Roman Catholic Separate Regional Division No. 38 (0020): Father Lacombe Catholic School	Education
Strategic Land Purchase for Future Edmonton Law Courts Expansion	Justice and Solicitor General
Sturgeon School Division No. 24 (1110): Camilla School Modernization	Education
Supportive Housing and Supports Persons with Developmental Dis abilities	Human Services
The Southern Francophone Education Region: Ecole les Cypres	Education
Training Academy Planning Study	Justice and Solicitor General
Twin Arena & Training Centre – South Campus U of A	Culture and Tourism
University of Alberta – Dentistry Pharmacy – Functional Renewal of Building	Advanced Education
University of Alberta Heating Plant – Turbine Generator #3	Advanced Education
University of Calgary – Haskayne School of Business Advanced Learning Centre	Advanced Education
University of Calgary – Science A Redevelopment – Phase 2	Advanced Education
University of Calgary Life and Environmental Sciences Resource Centre	Advanced Education
Wild Rose School Division: Evergreen Elementary School	Education
Winspear Centre – Extension	Culture and Tourism
WinSport (Formerly Calgary Olympic Development Association) – Acrobatic / Multi-Use Court Facility	Culture and Tourism
Wolf Creek School Division No. 72: Rimbey Junior Senior High School	Education

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FISCAL PLAN

ECONOMIC OUTLOOK

✦

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The Alberta JOBS PLAN BUDGET 2016

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KEY ENERGY AND ECONOMIC ASSUMPTIONS

Fiscal Year Assumptions	[illegible] Actuals	[illegible] Forecast	[illegible]	[illegible]	[illegible]
Crude Oil Prices[1]					
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
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Natural Gas Price[2]					
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Production					
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Interest Rates					
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Exchange Rate (Alberta/[illegible])[3]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Calendar Year Assumptions	[illegible] Actuals	[illegible] Estimates	[illegible]	[illegible]	[illegible]	[illegible]
Gross Domestic Product						
[illegible]	[illegible]	[illegible][4]	[illegible]	[illegible]	[illegible]	[illegible]
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[illegible]	[illegible]	[illegible][4]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible][4]	[illegible]	[illegible]	[illegible]	[illegible]
Other Indicators						
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[1] [illegible]

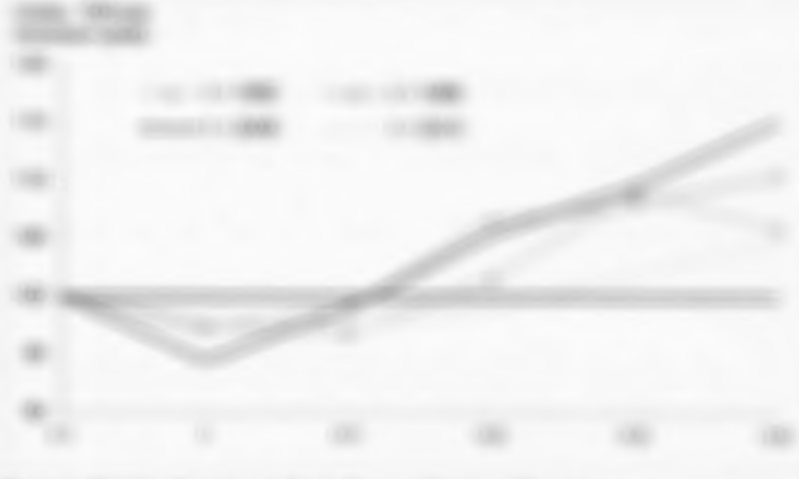
[2] [illegible]

Fiscal Sensitivities to Key Assumptions, 2019-20[1]

[illegible]

	Change	Net Impact (2019-20)
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]

[1] [illegible]

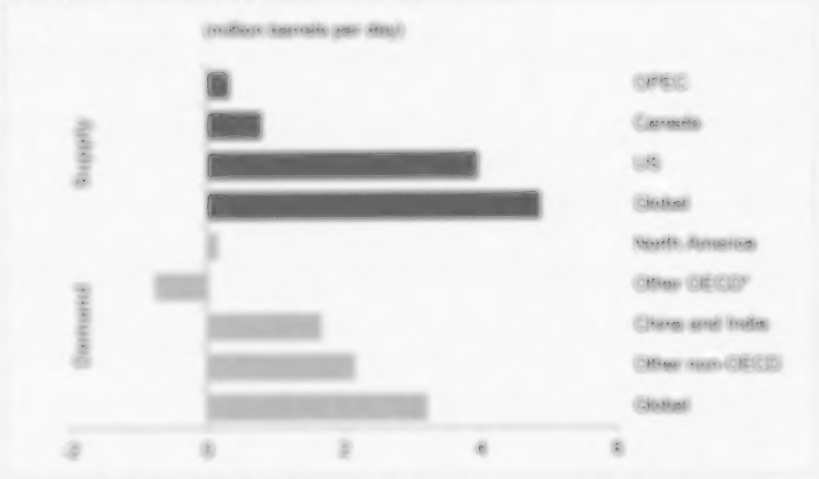


With OECD consumption declining slightly, this demand was driven exclusively by emerging markets, including China and India. Over the same period, global oil supply grew at a much faster rate (Chart 4). Oil production outside of OPEC increased almost 2.6% annually, mainly driven by US shale and Alberta oil sands expansions. OPEC production increased just 0.3% per year, resulting in a decline in its market share. OPEC's decision to increase production to protect its market share, rather than defend prices, led to further price declines in 2015.

North America was responsible for almost all the growth in global oil production between 2011 and 2014, leading to the current supply glut. Over the same period, emerging markets accounted for all of the growth in demand.

Chart 4: Emerging market demand met with North American supply

Change in Global Oil Supply and Demand 2011-2014



Source: US Energy Information Administration

* The Organization for Economic Co-operation and Development (OECD) represents developed countries.

As a result of lower prices, oil investment worldwide fell in 2015, with weakness carrying into 2016. The decline in spending is expected to slow production growth this year, especially in the US. This will lead to a re-balancing of the market and gradually improving oil prices. However, ample lower-cost supply from both OPEC and non-OPEC sources and uncertainty about oil demand growth, especially in emerging markets, have dampened the price outlook over the medium term. WTI is expected to average US$42/bbl in 2016-17 and increase to around US$66/bbl by 2019-18, significantly below the *Budget 2015* forecast and price levels in recent years (Chart 5).

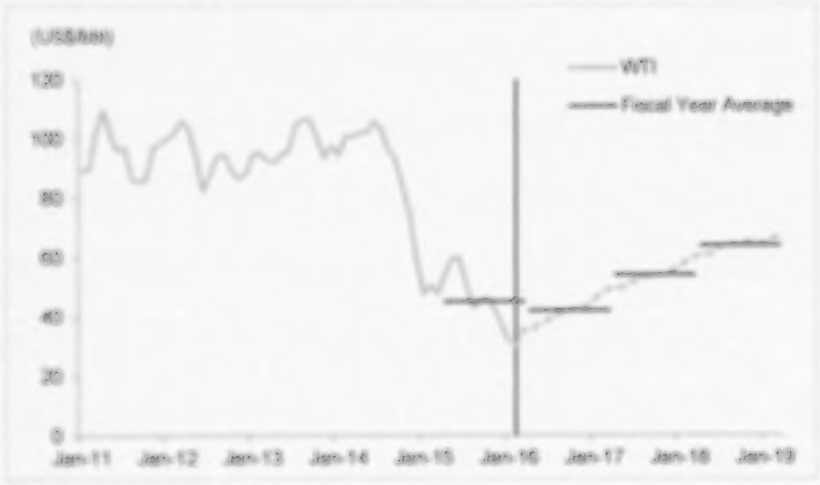
CANADIAN ECONOMY

GROWTH HIT BY LOWER OIL PRICES

Canada's economy has been hobbled by low oil prices since the beginning of 2015, and real GDP is expected to grow only 1.4% in 2016. The slowdown has been primarily due to declining investment in the oil and gas sector (Chart 6). The collapse in commodity prices has changed growth prospects across the

Chart 5: Oil prices are expected to improve as supply overhang clears

West Texas Intermediate



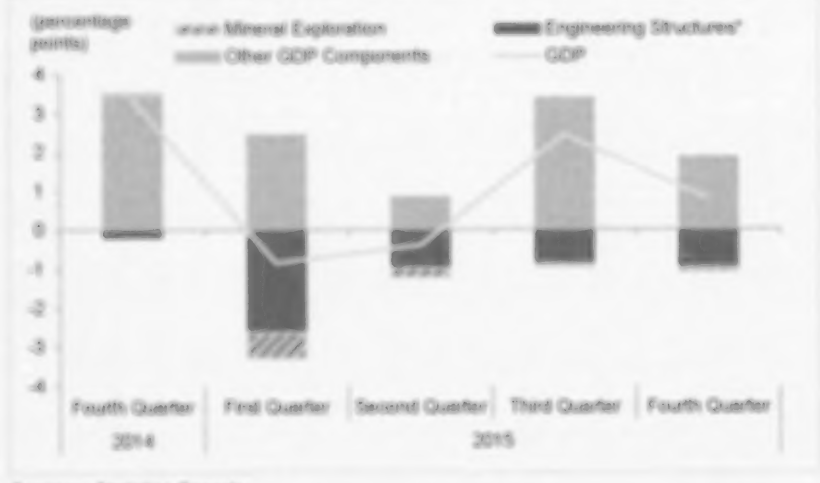
Sources: Alberta Energy

Oil prices are expected to recover gradually over the forecast horizon as production slows and demand picks up.

provinces, as more resource-intensive economies have slowed significantly. The Bank of Canada estimated in the April 2015 *Monetary Policy Report* that the oil price shock has the largest impact on Alberta, Saskatchewan and Newfoundland and Labrador, but also adversely affects other provinces through trade linkages, including BC, Manitoba and Ontario. A stronger US economy and lower Canadian dollar have improved the prospects for less resource-intensive provinces, but not enough to offset the impact of low oil and other commodity prices on the Canadian economy. With the help of monetary and fiscal stimulus, growth is forecast to pick up to 2.3% in 2017 before

Chart 6: Energy-related investment weighing on the Canadian economy

Contribution to Quarterly Change in Canadian Real GDP at Annual Rates



Sources: Statistics Canada

* Oil and gas is the largest component of investment in engineering structures

Sharp declines in energy investment caused Canadian real GDP to fall in each of the first two quarters of 2015. Most of this decline was in engineering structures investment, which has a large oil and gas component.

slowing slightly over the medium term. Increased access to international and coastal markets remains important to investment in the Canadian energy sector and economic growth.

DOLLAR WEAKENS ON ECONOMY AND COMMODITIES

Since mid-2014, the Canadian dollar has been under pressure from lower oil prices, weaker growth prospects and interest rate cuts by the Bank of Canada. Recent strength, mainly related to a depreciating US dollar, is not expected to be sustained. The dollar is forecast to gradually appreciate to US¢77.5/Cdn$ by 2018-19, consistent with a slow improvement in oil prices.

INTEREST RATES TO STAY LOW

Long-term interest rates have fallen to historic lows due to tepid growth and low inflation expectations (Chart 7). The Bank of Canada is likely to hold off on any rate increases as long as Canada's economic and inflationary outlook remains sluggish. Canadian long-term government bond yields are expected to rise modestly over the forecast period. Many other central banks are also expected to maintain accommodative monetary policy to bolster growth over the medium term. The European Central Bank recently enlarged its bond-buying program, while central banks in Japan and China are also expected to inject additional stimulus. The US Federal Reserve is proceeding cautiously on rate increases to avoid elevating stress in financial markets, given the uncertainty about global growth.

Chart 7: Long-term bond yields are near historic lows

10-Year Government Bond Yields

Lacklustre global growth and low inflation expectations have driven down global bond yields.

Source: Haver Analytics

ALBERTA ECONOMY

The Alberta economy is adjusting to the historic drop in oil prices. The recession in 2015 was caused by lower energy investment. In 2016, the effects will be more broadly felt. Momentum that supported activity in the province has faded, prompting a pullback in construction and spending. Alberta's labour market has been hit hard, and unemployment is expected to remain elevated into 2017. A gradual improvement in oil prices will support economic growth over the medium term. Exports, led by expanding oil sands production, will continue to be the main growth driver. Other sectors will benefit from improved labour availability and reduced costs, along with a weaker dollar and strengthening US economy.

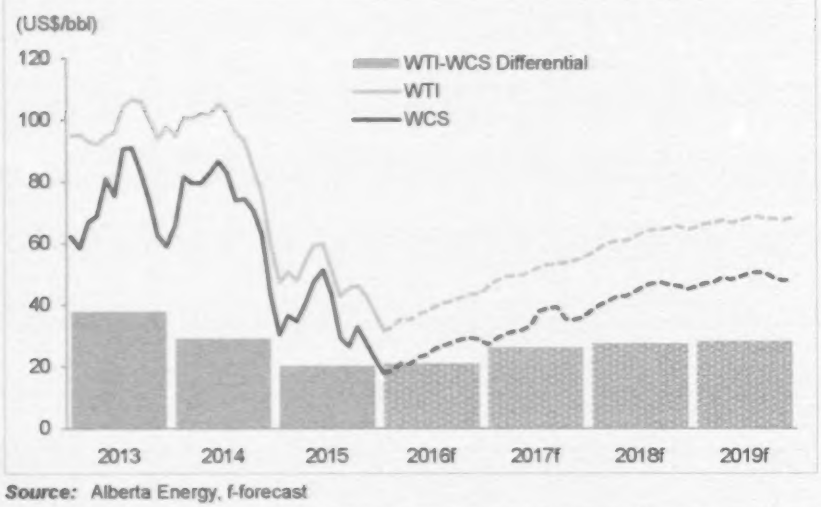
CORPORATE PROFITS HIT BY LOW PRICES

The continued slump in energy prices has hurt producers' cash flow and squeezed corporate profits. Oil and gas companies and their suppliers have been most directly impacted, but other companies' profits have also suffered from weaker activity in the province. Net corporate operating surplus, a measure of corporate profits, is expected to decline around 18% in 2016, after falling over 50% in 2015. The moderating outlook for oil prices and economic activity mean that corporate profits are not expected to return to pre-recession levels over the forecast period.

The price that Alberta producers receive for their crude has fallen sharply with the decline in WTI prices. The Alberta heavy oil benchmark WCS price fell below US$20/bbl in January 2016 to the lowest level since trading began in 2004. The light-heavy differential has remained fairly steady, and is expected to average US$15.20/bbl in 2016-17. Over the next few years, however, oil sands production is expected to rise faster than available pipeline capacity, increasing reliance on rail. This will cause the differential to widen to US$18.50/bbl by 2018-19 (Chart 8) and reduce the profitability of projects, especially given the low price environment.

Chart 8: Differential to widen due to pipeline bottlenecks

Oil Prices



Source: Alberta Energy, f-forecast

Growing oil sands production is expected to surpass pipeline capacity, leading to more extensive use of the rail network. The higher cost of rail transportation will lead to a widening of the WTI-WCS differential beginning in 2017.

North America continues to be awash in natural gas. Lower oil production in the US is expected to cause a decline in associated gas; however, continued strong growth in US shale gas production and increased cost efficiencies will maintain downward pressure on natural gas prices in North America. The Alberta Reference Price is expected to average Cdn$2.40/GJ in 2016-17 and rise to just Cdn$3.00/GJ by the end of the forecast period.

SLOW RECOVERY IN OIL AND GAS INVESTMENT

Energy producers have responded to low prices by cutting capital spending. Oil and gas investment is expected to contract by over 20% in 2016 after declining almost 37% in 2015. While it is forecast to improve over the medium term, the moderated outlook for oil prices has dampened the investment outlook (Chart 9). Companies are expected to be cautious about spending, and some consolidation within the industry is likely as firms with healthy balance sheets acquire those under financial stress.

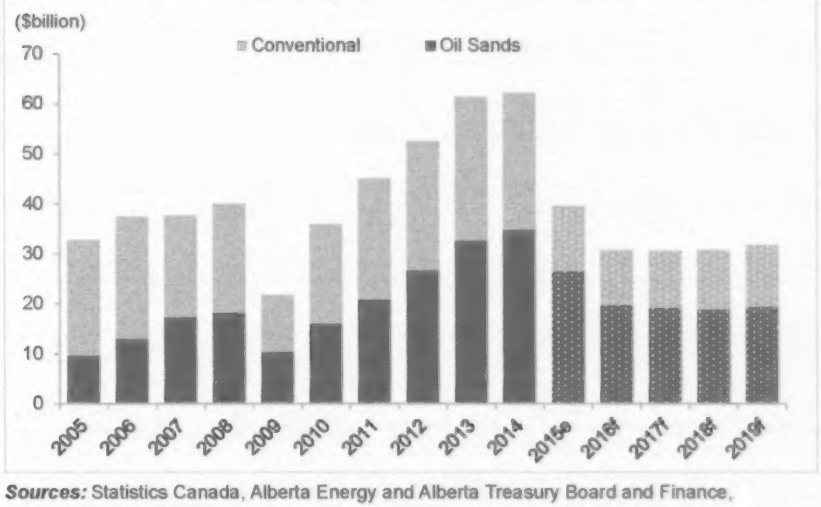
The short life cycle of conventional investment makes it more sensitive to the near-term price outlook. The renewed decline in oil prices at the end of 2015 dragged down drilling activity further in the winter months, a period when drilling normally picks up. Drilling activity through March remained over 50% below already depressed 2015 levels.

With natural gas prices remaining depressed, natural gas drillers continue to target natural gas liquids (NGLs), whose prices are tied more closely to oil. Demand for condensate, which is used to dilute bitumen for transport, remains strong in the province. Drilling levels are at historic lows, but natural gas drilling technology continues to improve, resulting in metres drilled per well increasing by 17% in 2015. New well productivity is also improving, which means that production is expected to decline only moderately over the forecast period.

Over the medium term, oil sands investment will consist mainly of repair and expansion of existing facilities. Conventional investment will improve with oil prices.

Chart 9: Oil and gas investment to remain low

Alberta Oil and Gas Investment



Sources: Statistics Canada, Alberta Energy and Alberta Treasury Board and Finance, e-estimate, f-forecast

Overall, conventional investment is forecast to contract by 16% in 2016, after a pullback of over 50% in 2015. As prices improve in 2017, conventional investment is expected to begin recovering but remain well below 2014 levels.

OIL SANDS INVESTMENT SHIFTS TO SUSTAINING CAPITAL

The decline in oil sands investment has been much less pronounced compared with conventional because oil sands projects have long life cycles and those under construction already have large amounts of committed capital. With the outlook for oil prices moderating, however, oil sands investment is expected to continue slowing over the next three years. Spending will be focused on the maintenance of existing facilities and the completion of projects that were under construction prior to the price decline.

ENERGY WEAKNESS SPREADS TO OTHER SECTORS

Outside of oil and gas, non-residential construction and manufacturing are also feeling the effects of lower oil prices. Declining cost pressures and an improvement in overall activity will lend support to these sectors over the medium term.

Non-residential building construction slumped for most of 2015, despite a large increase in institution and government construction spending. After a solid first quarter, industrial and commercial building construction started to fall and the pace of the declines accelerated through the end of the year. Weakness is expected to continue in the near term, reflecting lower activity in the province and the winding down of current projects. Strong population growth in recent years has increased the need for public infrastructure, and plans by the government to bolster capital spending during the downturn will partially offset the decline in private construction in the next three years. Despite this lift, non-residential investment is expected to fall in 2016 and 2017 before picking up.

Energy-related manufacturing saw broad-based declines in 2015. Petroleum and chemical sales fell on lower prices. In addition, the downturn in drilling across North America and lacklustre performance of America's industrial sector dampened demand for Alberta made industrial machinery and equipment. Real manufacturing shipments declined over 8% in 2015 and are forecast to decline again in 2016.

Starting in 2017, however, manufacturing activity is expected to increase, which will support exports (Chart 10). Refinery capacity is set to expand substantially in 2017 with the completion of the $8.5 billion Sturgeon Refinery, which can process 50,000 barrels of oil per day. Plastics manufacturing has also benefited from increased investment, with the Joffre polyethylene plant expansion set to come online later this year. The recently announced Petroleum Diversification Program, along with lower feedstock costs, are expected to encourage development of petrochemical facilities in Alberta.

Alberta manufacturing exports have suffered as sales of oil-related machinery have declined. Going forward, investment in upstream oil and gas industries and continued strength in non-energy manufacturing will lead to a recovery.

Chart 10: Manufacturing exports to recover

Change in Alberta Real Manufacturing Exports

Source: Alberta Treasury Board and Finance, e-estimate, f-forecast

SLOWING ECONOMY HITS ALBERTA LABOUR MARKET

The plunge in oil prices and accompanying decline in investment and activity in the province have weakened Alberta's labour market. Job losses, which started to mount in the fourth quarter of 2015, are expected to continue into the first half of 2016. Annual employment is forecast to decline 1.7% after remaining fairly resilient for most of 2015. Though employment should start to recover in 2017, growth is expected to be less than 1%. Overall employment is not forecast to return to 2015 levels until 2018.

Efforts by businesses to trim labour costs have weighed on earnings. Alberta average weekly earnings declined by 0.3% in 2015, the first annual decline in 20 years. While service sector earnings remained resilient, overall earnings were pulled down from disproportionately large job losses in higher-paying goods sector industries. This weakness is expected to persist in 2016, with average weekly earnings forecast to fall an additional 0.6%. Earnings are expected to improve gradually starting in 2017 (Chart 11). With lower earnings and employment, labour income is expected to fall around 2% in 2016 before recovering in 2017 and growing 4.5% on average in 2018 and 2019.

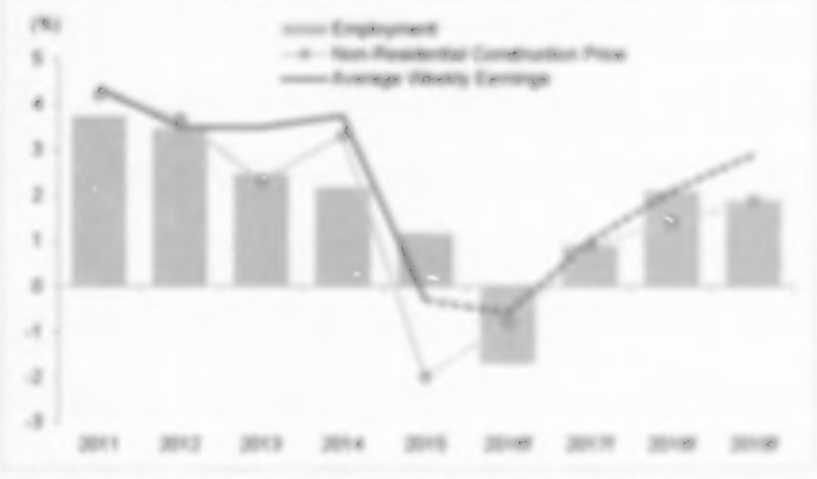
Primary household income, a key driver of personal income tax revenues, is expected to fall in 2016 because of the decline in labour income. It is forecast to recover starting in 2017, reflecting an improvement in labour income and other sources of income (e.g. dividend and rental income).

COST PRESSURES EASING

With economic activity slowing, cost pressures will continue to ease in 2016 (Chart 11). In addition to reducing labour costs, companies are seeking cost price reductions from suppliers and implementing in-house cost efficiency measures, both within and outside of the energy sector. Construction costs are also coming down. In the fourth quarter of 2015, non-residential building construction prices declined 1.4% in both Edmonton and Calgary. As the economy improves in 2017, costs are likely to rise moderately.

Chart 11: Firms are cutting costs

Change in Alberta Employment, Earnings and Construction Prices



Sources: Statistics Canada and Alberta Treasury Board and Finance. f-forecast

Construction prices in Alberta fell in 2015. This was due in part to falling labour costs as businesses reduced employment and earnings.

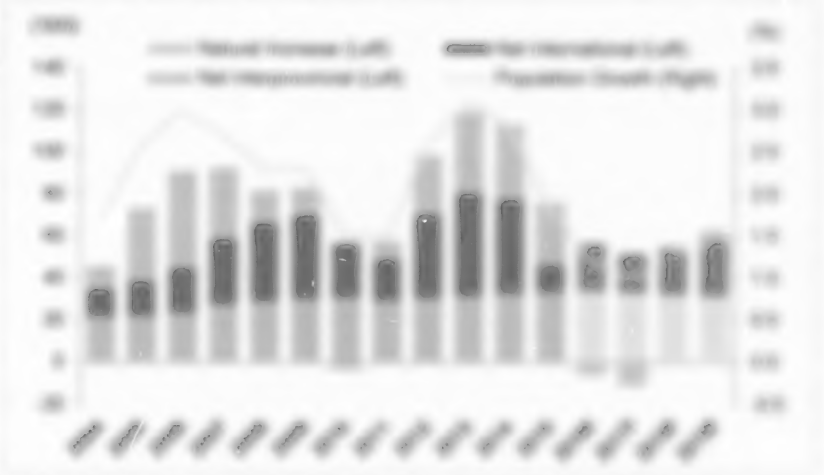
Lower energy prices and weaker economic activity have also kept inflation contained. They have partially offset the impact of the lower Canadian dollar which has lifted the prices of food, appliances and other imported goods. As energy prices improve and prices remain elevated for imported goods, inflation is expected to rise to 1.5% in 2016 and average about 2% over the remainder of the forecast period.

POPULATION GROWTH MODERATES

The pace of Alberta's population growth will slow as migration weakens over the next two years. Population growth is forecast to moderate to 1.2% in 2016 and 1.0% in 2017 (Chart 12). After adding almost 140,000 people from other provinces over the past five years, Alberta is expected to see a net outflow of 17,000 interprovincial migrants over 2016 and 2017 due to weaker labour conditions. Net outflows of non-permanent residents will also weigh on population growth over the next few years, mainly because of changes to the

Population growth will slow to both 2016 and 2017 due to net outflows of interprovincial migrants. Growth will be supported by robust natural increase and immigration.

Chart 12: Natural increase and immigration to drive population gains
Change in the Alberta Population by Component



Sources: Statistics Canada and Alberta Treasury Board and Finance, Historical

federal Temporary Foreign Worker Program (TFWP). Nevertheless, Alberta's population growth is expected to remain higher than the Canadian average over the forecast period. The arrival of large numbers of immigrants is forecast to keep overall migration positive, while natural increase will continue to provide a solid base for population expansion due to Alberta's young population. As migration picks up, population growth is forecast to increase to 1.4% by 2019.

UNEMPLOYMENT RATE TO DECLINE GRADUALLY

Despite deteriorating economic conditions and declining employment, Alberta's labour force has continued to expand. This has resulted in an increasing unemployment rate, which surpassed the national rate for the first time since 1988 and reached a 20-year high of 7.0% early this year. The unemployment rate is expected to remain elevated over the next two years, averaging 8.0% in 2016 and 7.5% in 2017.

Chart 13: Unemployment rate to decline gradually

Alberta Labour Market Indicators

Sources: Statistics Canada and Alberta Treasury Board and Finance, Forecast

1 The number of people working or looking for work

The Alberta labour market continued to 2012, and is expected to rebalance gradually over the projection horizon.

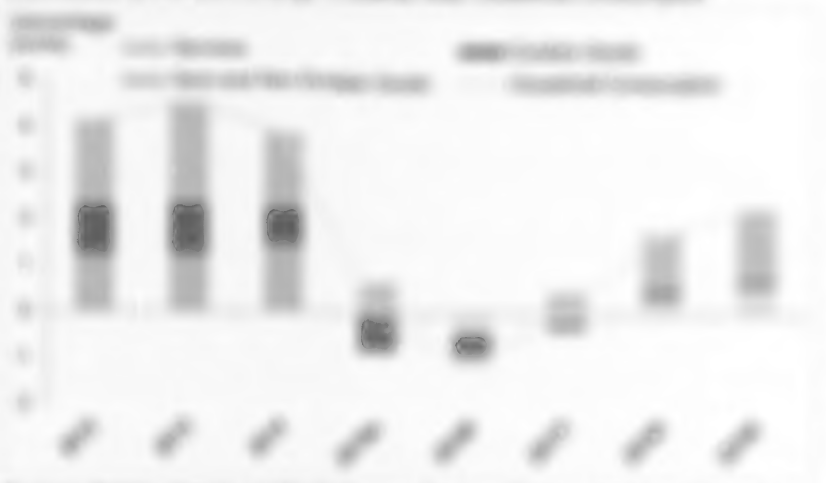
A combination of gradual employment growth and people leaving the labour market is expected to facilitate a steady decline in the unemployment rate to 5.6% by 2014 (Chart 13). The current high unemployment rate and improving prospects in other parts of Canada mean that more were available workers in the province are likely to leave, in addition to our outflows of interprovincial migrants (Chart 14). Some people may also decide to remain or school for retraining and upgrading. Population aging will also encourage people to leave the labour force, as increasing numbers of baby boomers reach retirement age. The share of Alberta's population that is either working or looking for work (the labour force participation rate) is expected to fall steadily over the forecast period.

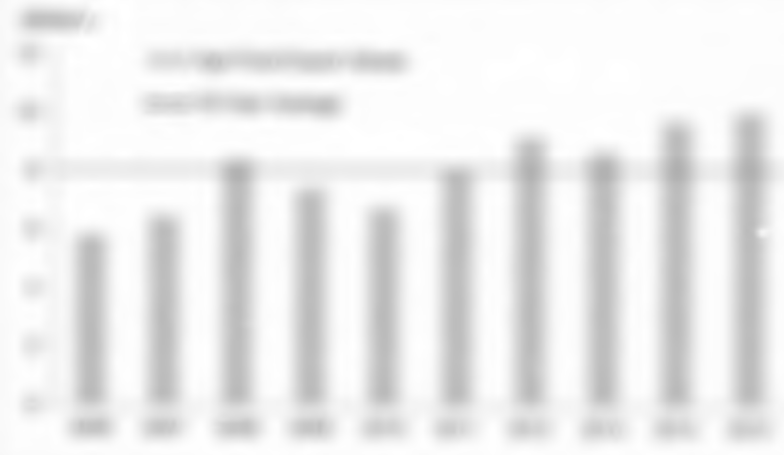
Chart 14: Labour force leaves as interprovincial outflows

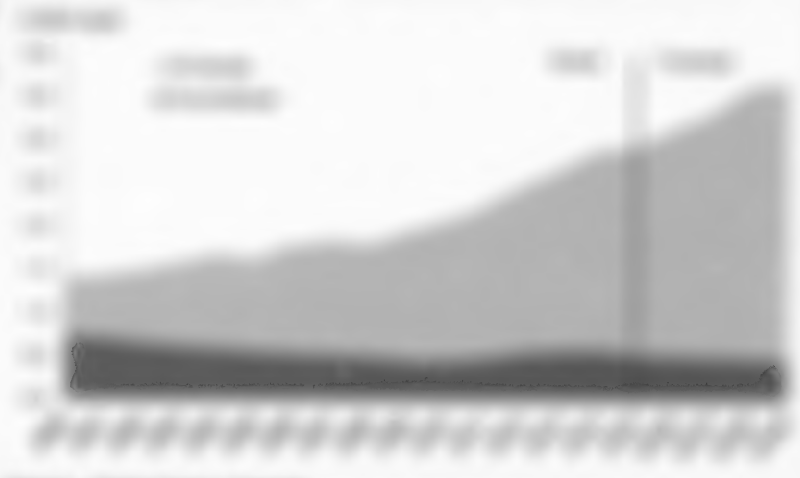
Alberta Net Interprovincial Migration and the Unemployment Rate Differential

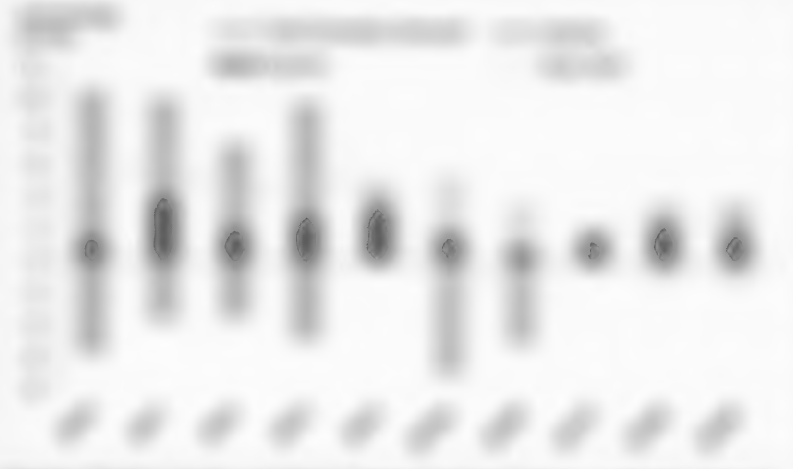
Sources: Statistics Canada and Alberta Treasury Board and Finance, Forecast

Interprovincial migration flows are sensitive to the relative economic prospects in different parts of the country.









SUMMARY

The oil price shock continues to work through the Alberta economy. After declining by an estimated 1.5% in 2015, real GDP is expected to fall 1.4% in 2016, which will mark the first time since 1982-83 that the economy has contracted in successive years. Falling oil and gas investment is driving the decline. This has hurt oil and gas service companies and oil-related manufacturing. Weakness has spread to other sectors of the economy.

The recovery is expected to be weaker than in previous downturns as the economy enters an extended adjustment period. Falling employment and continued labour force growth caused the unemployment rate to rise to a 20-year high in early 2016. The unemployment rate will fall gradually over the next several years through a combination of slower labour force growth and moderate employment growth. There are still some pockets of strength. Oil sands production will continue to ramp up as projects currently under construction are completed and non-energy exports are benefiting from a lower dollar and a strengthening US economy.

RISKS TO THE ECONOMIC OUTLOOK

- Oil prices are forecast to improve gradually. A further drop in oil prices could arise from weakening global demand or a slow supply response to low prices. Should low prices persist or fall further, Alberta's outlook would weaken.
- Without improved market access, Alberta oil producers could see the return of large and volatile price discounts. A higher-than-expected reliance on rail will weigh on revenue and investment, and could impact other sectors that also rely on this mode of transport.
- Emerging economies remain vulnerable to financial market shocks, as concerns remain about financial stability and overall growth prospects. A further slowdown in these markets would weigh on commodity prices, hurting Alberta's growth prospects.
- Increased uncertainty about the economy could further erode consumer and business confidence, reducing spending.
- On the upside, an improvement in oil prices would improve Alberta's growth prospects. This could come from stronger global economic growth, supply outages or a move by OPEC to reduce supply and support prices.

ECONOMIC OUTLOOK
ANNEX

BENCHMARKING TABLES

Oil Price Benchmark

West Texas Intermediate (US$/bbl)

Organization	2016	2017	2018	2019
National Forecasting Agencies				
Conference Board of Canada (Feb/16)	37.06	45.29	51.11	59.02
IHS Global Insight (Jan/16)	45.12	54.71	65.71	73.69
Centre for Spatial Economics (Jan/16)	38.54	47.00	57.00	64.00
Banks and Investment Dealers				
CIBC World Markets (Jan/16)	42.00	60.00	n/a	n/a
Credit Suisse (Feb/16)	37.75	54.25	65.00	65.00
Goldman Sachs (Jan/16)	45.00	60.00	60.00	55.00
Laurentian Bank (Feb/16)	49.50	75.00	n/a	n/a
RBC Capital Markets (Jan/16)	40.28	56.53	70.00	75.00
Scotiabank (Feb/16)	37.50	42.50	n/a	n/a
Toronto Dominion Bank (Dec/15)	47.25	58.50	n/a	n/a
Industry Analysts				
U.S. Energy Information Administration (Feb/16)	37.59	50.00	n/a	n/a
GLJ Petroleum Consultants (Jan/16)	44.00	52.00	58.00	64.00
Sproule Associates Limited (Dec/15)	45.00	60.00	70.00	80.00
Confidential Forecasts Provided to Alberta Energy[a]				
Average	38.00	51.00	62.00	67.00
High	49.50	75.00	75.56	83.58
Low	34.77	41.34	44.08	45.96
Average of All Private Forecasts	41.00	54.00	62.00	67.00
Government of Alberta (calendar year)	38.00	51.00	62.00	67.00

[a] Alberta Energy also surveys, on a confidential basis, private sector forecasts from PIRA, KBC, BMO Capital Markets, IHS CERA, Peters & Co. and Wood Mackenzie. The annual figures presented here are the average forecast prices from these sources. High/Low forecasts may represent one of the confidential forecasts. The private sector average, consultant average and Government of Alberta forecasts have been rounded to the nearest dollar.

Includes forecasts finalized on or before February 3, 2016.

Both the Government of Alberta and the private sector overestimated the WTI oil price for 2015, by 5.5% and 11.8% respectively in March and by 2.5% and 8.6% respectively in October.

How Oil Price Forecasters Fared in *Budget 2015*

West Texas Intermediate (US$/bbl)

Organization (#)	How did they do in Budget 2015?
National Forecasting Agencies (3)	53.79
Banks and Investment Dealers (7)	54.23
Industry Analysts (3)	52.67
Confidential Forecasts (6)	52.00
Average	53.00
Government of Alberta (calendar year)	50.00
Actual	48.80

Sources: Alberta Energy and Alberta Treasury Board and Finance

Natural Gas Price Benchmark

Henry Hub (US$/MMBTU)[a]

Organization	2016	2017	2018	2019
National Forecasting Agencies				
Conference Board of Canada (Feb/16)	2.49	2.79	3.18	3.64
IHS Global Insight (Jan/16)	2.67	2.94	2.99	3.18
Centre for Spatial Economics (Jan/16)	2.65	3.22	3.75	4.25
Banks and Investment Dealers				
CIBC World Markets (Jan/16)	2.70	3.50	n/a	n/a
Credit Suisse (Feb/16)	2.70	3.25	3.50	3.50
Goldman Sachs (Jan/16)	2.75	3.00	3.00	3.00
RBC Capital Markets (Jan/16)	2.50	3.00	3.25	3.50
Scotiabank (Feb/16)	2.37	2.62	n/a	n/a
Toronto Dominion Bank (Dec/15)	3.00	3.44	n/a	n/a
Industry Analysts				
U.S. Energy Information Administration (Feb/16)	2.64	3.22	n/a	n/a
GLJ Petroleum Consultants (Jan/16)	2.60	3.10	3.30	3.50
Sproule Associates Limited (Dec/15)	2.25	3.00	3.50	4.00
Confidential Forecasts Provided to Alberta Energy[b]				
Average	2.50	3.00	3.30	3.30
High	3.00	3.60	4.20	4.25
Low	2.24	2.24	2.90	2.94
Average of All Private Forecasts	2.60	3.10	3.30	3.50
Government of Alberta (calendar year)	2.60	3.10	3.40	3.60

[a] The natural gas price is the US price of gas at Henry Hub Louisiana, as this is the benchmark for natural gas prices in the rest of North America. The Alberta Government forecast in the table above is the Alberta Reference Price (used in natural gas royalty calculations) adjusted for the exchange rate and transportation costs to be equivalent to the price of Alberta natural gas at Henry Hub Louisiana.

[b] Alberta Energy also surveys, on a confidential basis, private sector forecasts from PIRA, Petral, IHS CERA, NYMEX and Wood McKenzie. The annual figures presented here are the average forecast prices from these sources. High/ Low forecasts may represent one of the confidential forecasts.

Includes forecasts finalized on or before February 3, 2016.

How Natural Gas Price Forecasters Fared in *Budget 2015*

Henry Hub (US$/MMBTU)

Organization (#)	How did they do in Budget 2015?
National Forecasting Agencies (3)	2.93
Banks and Investment Dealers (6)	2.96
Industry Analysts (3)	2.87
Confidential Forecasts (5)	2.81
Average	2.90
Government of Alberta (calendar year)	2.80
Actual	2.63

Sources: Alberta Energy and Alberta Treasury Board and Finance

Both the Government of Alberta and the private sector slightly overestimated natural gas prices in 2015, by 16.0% and 27.0% respectively in March and by 6.5% and 10.1% respectively in October.

Canadian Short-Term Interest Rate Benchmark

3-month Government of Canada Treasury Bills (%)

Organization	2016	2017	2018	2019
National Forecasting Agencies				
Conference Board of Canada (Feb/16)	0.49	0.91	1.79	2.79
IHS Global Insight (Jan/16)	0.49	1.11	2.43	3.45
Centre for Spatial Economics (Jan/16)	0.40	1.20	1.90	2.50
Banks				
BMO Capital Markets (Mar/16)	0.30	0.42	n/a	n/a
CIBC World Markets (Mar/16)	0.45	0.54	n/a	n/a
Laurentian Bank (Feb/16)	0.40	0.45	n/a	n/a
National Bank (Feb/16)	0.46	0.51	n/a	n/a
RBC Royal Bank (Feb/16)	0.60	1.80	n/a	n/a
Scotiabank (Mar/16)	0.50	0.75	n/a	n/a
Toronto Dominion Bank (Dec/15)	0.45	0.58	n/a	n/a
High	0.60	1.80	2.43	3.45
Low	0.30	0.42	1.79	2.50
Average of All Private Forecasts	0.45	0.83	2.04	2.91
Government of Alberta (calendar year)	0.50	0.80	1.30	2.00

Includes forecasts finalized on or before March 4, 2016.

Canadian Long-Term Interest Rate Benchmark

10-Year Government of Canada Bonds (%)

Organization	2016	2017	2018	2019
National Forecasting Agencies				
Conference Board of Canada (Feb/16)	1.71	3.12	4.23	4.56
IHS Global Insight (Jan/16)	2.14	2.39	2.94	3.32
Centre for Spatial Economics (Jan/16)	1.40	2.20	3.00	3.60
Banks				
BMO Capital Markets (Mar/16)	1.29	1.71	n/a	n/a
CIBC World Markets (Mar/16)	1.43	2.21	n/a	n/a
Laurentian Bank (Feb/16)	1.56	2.20	n/a	n/a
National Bank (Feb/16)	1.46	1.95	n/a	n/a
RBC Royal Bank (Feb/16)	2.00	3.05	n/a	n/a
Scotiabank (Mar/16)	1.50	2.21	n/a	n/a
Toronto Dominion Bank (Dec/15)	1.90	2.28	n/a	n/a
High	2.14	3.12	4.23	4.56
Low	1.29	1.71	2.94	3.32
Average of All Private Forecasts	1.64	2.33	3.39	3.83
Government of Alberta (calendar year)	1.70	2.20	2.80	3.30

Includes forecasts finalized on or before March 4, 2016.

United States / Canada Exchange Rate Benchmark

(US¢/Cdn$)

Organization	2016	2017	2018	2019
National Forecasting Agencies				
Conference Board of Canada (Feb/16)	70.8	77.4	80.5	82.5
IHS Global Insight (Jan/16)	73.5	79.2	83.9	87.2
Centre for Spatial Economics (Jan/16)	73.0	75.0	76.0	76.8
Banks				
BMO Capital Markets (Mar/16)	71.6	73.9	n/a	n/a
CIBC World Markets (Mar/16)	72.8	75.3	n/a	n/a
Credit Suisse (Feb/16)	71.3	75.0	77.5	77.5
Laurentian Bank (Feb/16)	74.5	79.5	n/a	n/a
National Bank (Mar/16)	75.0	77.0	n/a	n/a
RBC Royal Bank (Feb/16)	75.2	80.0	n/a	n/a
Scotiabank (Mar/16)	72.3	76.3	n/a	n/a
Toronto Dominion Bank (Dec/15)	73.3	77.3	n/a	n/a
High	75.2	80.0	83.9	87.2
Low	70.8	73.9	76.0	76.8
Average of All Private Forecasts	73.0	76.9	79.5	81.0
Government of Alberta (calendar year)	73.0	75.0	77.0	78.0

Includes forecasts finalized on or before March 4, 2016.

Alberta Real Gross Domestic Product Benchmark

(% change)

Organization	2015	2016	2017	2018	2019
National Forecasting Agencies					
Conference Board of Canada (Feb/16)	-2.2	-1.0	1.8	2.6	2.4
IHS Global Insight (Jan/16)	-0.9	0.4	2.3	2.3	2.3
Centre for Spatial Economics (Jan/16)	-2.2	-0.8	2.1	2.5	2.2
Banks					
BMO Capital Markets (Mar/16)	-2.8	-2.3	2.1	n/a	n/a
CIBC World Markets (Mar/16)	-1.5	-1.2	1.7	n/a	n/a
Laurentian Bank (Jan/16)	-1.0	-0.6	2.2	n/a	n/a
National Bank (Feb/16)	-1.0	-2.4	1.1	n/a	n/a
RBC Royal Bank (Mar/16)	-1.8	-1.6	2.0	n/a	n/a
Scotiabank (Mar/16)	-2.0	-1.9	2.0	n/a	n/a
Toronto Dominion Bank (Jan/16)	-1.2	-0.3	1.2	n/a	n/a
Other					
Canada Mortgage and Housing Corporation (Q4/15)	-1.0	1.5	2.3	n/a	n/a
High	-0.9	1.5	2.3	2.6	2.4
Low	-2.8	-2.4	1.1	2.3	2.2
Average of All Private Forecasts	-1.6	-0.9	1.9	2.5	2.3
Government of Alberta (calendar year)	-1.5	-1.4	1.9	2.8	2.7

Includes forecasts finalized on or before March 4, 2016.

Light-Heavy Oil Price Differential Benchmark

WTI-WCS Price Differential (US$/bbl)

Organization	2016	2017	2018	2019
National Forecasting Agencies				
Conference Board of Canada (Feb/16)	12.84	12.43	12.34	12.38
Centre for Spatial Economics (Jan/16)	11.40	17.00	19.00	20.00
Banks and Industry Analysts				
Credit Suisse (Feb/16)	14.50	15.00	16.00	16.50
RBC Capital Markets (Jan/16)	10.44	13.87	14.90	16.07
GLJ Petroleum Consultants (Jan/16)	13.36	13.60	15.07	15.33
Sproule Associates Limited (Dec/15)	11.05	13.63	15.32	16.16
Confidential Forecasts Provided to Alberta Energy[a]				
Average	14.00	15.30	16.60	17.90
High	15.33	18.30	19.80	21.23
Low	10.44	11.82	12.34	12.38
Average of All Private Forecasts	13.00	14.70	16.10	16.90
Government of Alberta (calendar year)[b]	15.00	17.50	18.30	17.40

[a] Alberta Energy also surveys, on a confidential basis, private sector forecasts from IHS CERA, PIRA, Wood MacKenzie, KBC and BMO Capital Markets. The annual figures presented here are the average forecast prices from these sources. High/ Low forecasts may represent one of the confidential forecasts.

[b] Forecasts have been rounded.

Includes forecasts finalized on or before February 3, 2016.

Alberta Housing Starts Benchmark

(thousands)

Organization	2016	2017	2018	2019
National Forecasting Agencies				
Conference Board of Canada (Feb/16)	28.3	25.6	27.0	27.6
IHS Global Insight (Jan/16)	31.9	33.3	34.4	33.6
Centre for Spatial Economics (Jan/16)	29.3	27.7	27.6	30.6
Banks				
BMO Capital Markets (Mar/16)	25.0	27.5	n/a	n/a
Laurentian Bank (Jan/16)	30.0	30.0	n/a	n/a
National Bank (Feb/16)	27.6	28.0	n/a	n/a
RBC Royal Bank (Mar/16)	24.1	24.0	n/a	n/a
Scotiabank (Mar/16)	23.0	22.0	n/a	n/a
Toronto Dominion Bank (Jan/16)	30.8	27.5	n/a	n/a
Other				
Canada Mortgage and Housing Corporation (Q4/15)	29.8	30.3	n/a	n/a
High	31.9	33.3	34.4	33.6
Low	23.0	22.0	27.0	27.6
Average of All Private Forecasts	28.0	27.6	29.7	30.6
Government of Alberta (calendar year)	22.2	19.4	20.1	23.6

Includes forecasts finalized on or before March 4, 2016.

Alberta Primary Household Income Benchmark

(% change)

National Forecasting Agencies	2015	2016	2017	2018	2019
Conference Board of Canada (Feb/16)	0.5	-1.0	3.2	3.6	4.3
IHS Global Insight (Jan/16)	0.8	2.7	4.7	4.8	4.5
Centre for Spatial Economics (Jan/16)	-0.9	-4.3	2.7	3.5	4.0
High	0.8	2.7	4.7	4.8	4.5
Low	-0.9	-4.3	2.2	3.5	4.0
Average of All Private Forecasts	0.1	-0.9	3.2	3.9	4.3
Government of Alberta (calendar year)	0.5	-1.4	2.4	4.2	4.7

Includes forecasts finalized on or before March 4, 2016.

Alberta Net Corporate Operating Surplus Benchmark

(% change)

National Forecasting Agencies	2015	2016	2017	2018	2019
Conference Board of Canada (Feb/16)	-36.8	-25.8	21.4	7.7	11.3
IHS Global Insight (Jan/16)	-54.8	2.1	9.5	6.2	4.0
Centre for Spatial Economics (Jan/16)	-71.0	-31.2	51.5	40.5	35.1
High	-36.8	2.1	51.5	40.5	35.1
Low	-71.0	-31.2	9.5	7.7	4.0
Average of All Private Forecasts	-54.8	-18.2	27.5	35.5	16.8
Government of Alberta (calendar year)	-51.9	-19.6	45.6	32.9	15.7

Includes forecasts finalized on or before March 4, 2016.

Alberta Employment Benchmark

(% change)

Organizations	2016	2017	2018	2019
National Forecasting Agencies				
Conference Board of Canada (Feb/16)	-1.2	0.3	1.6	1.9
IHS Global Insight (Jan/16)	0.0	1.9	1.6	1.2
Centre for Spatial Economics (Jan/16)	-0.4	1.0	1.6	1.8
Banks				
BMO Capital Markets (Mar/16)	-1.6	0.1	n/a	n/a
CIBC World Markets (Mar/16)	-2.2	0.3	n/a	n/a
Laurentian Bank (Jan/16)	-0.3	1.5	n/a	n/a
National Bank (Feb/16)	-1.5	0.6	n/a	n/a
RBC Royal Bank (Mar/16)	-1.4	1.4	n/a	n/a
Scotiabank (Mar/16)	-1.5	0.9	n/a	n/a
Toronto Dominion Bank (Jan/16)	-1.2	0.3	n/a	n/a
Other				
Canada Mortgage and Housing Corporation (Q4/15)	0.6	1.5	n/a	n/a
High	0.6	1.9	1.6	1.9
Low	-2.2	0.1	1.6	1.2
Average of All Private Forecasts	-1.0	0.9	1.6	1.6
Government of Alberta (calendar year)	-1.7	0.6	2.1	1.9

Includes forecasts finalized on or before March 4, 2016.

Alberta Unemployment Rate Benchmark

(%)

Organization	2016	2017	2018	2019
Independent Forecasting Agencies				
Conference Board of Canada (Feb/19)	7.4	7.0	6.1	5.5
IHS Global Insight (Jan/19)	6.5	6.1	5.7	5.4
Centre for Spatial Economics (Jan/19)	7.1	6.4	5.7	5.2
Banks				
BMO Capital Markets (Mar/19)	7.5	7.0	n/a	n/a
CIBC World Markets (Mar/19)	6.5	6.2	n/a	n/a
Laurentian Bank (Jan/19)	7.3	7.0	n/a	n/a
National Bank (Feb/19)	7.5	7.0	n/a	n/a
RBC Royal Bank (Mar/19)	7.5	7.1	n/a	n/a
Scotiabank (Mar/19)	7.5	7.2	n/a	n/a
Toronto-Dominion Bank (Jan/19)	7.4	6.9	n/a	n/a
Other				
Canada Mortgage and Housing Corporation (Oct/18)	5.9	5.7	n/a	n/a
High	8.5	8.2	6.1	5.9
Low	5.9	5.7	5.7	5.2
Average of All Private Forecasts	7.3	7.0	5.9	5.5
Government of Alberta (budget year)	6.9	7.5	6.5	5.9

Includes forecasts finalized on or before March 4, 2019.

Alberta

FISCAL PLAN

TAX PLAN

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ANNEX

The Alberta JOBS PLAN

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TAX PLAN

Budget 2019's tax plan is necessary to support the economy during the downturn, including its recovery as well as the transition to a greener economy. Key areas of difference, and sufficient resources, that provide access to benefits to families.

This budget also provides additional information on the government's Climate Leadership Plan. As part of the Climate Leadership Plan, a price on pollution will be implemented through a cap-and-trade system for large industrial facilities, encouraging efficiency and efficient investments to reduce greenhouse gas (GHG) emissions. The cap-and-trade will be implemented on January 1, 2017.

The government recognizes the impacts of the carbon levy on households and businesses. To help offset the costs imposed by the carbon levy, the government will:

1. Implement a rebate for home and portable income efficiency.
2. Reduce the small business income tax rate to 3% on January 1, 2017.

Alberta continues to have no small tax advantage compared to other provinces, with its provincial rate on small business remaining at 3%. Given where the full implementation of Alberta's cap-and-trade pricing mechanism on other fuels, including petrol, Alberta and Alberta businesses will still pay a total of $15 million less in cash taxes each year to Alberta through when it comes into the system each year to Alberta through when it comes into effect.

Alberta's Tax Advantage
Alberta's Rebate

Source: Alberta Treasury Board and Finance

1. The graph shows the tax rate for small business income and taxable income that qualifies for the small business deduction. Alberta's small business tax rate is 3% and will remain at 3% under the Climate Leadership Plan. The small business tax rate is 3% and will remain at 3% under the Climate Leadership Plan. The small business tax rate is 3% and will remain at 3% under the Climate Leadership Plan.

PERSONAL INCOME TAX

INDEXING

Alberta's personal income tax system is indexed to inflation, ensuring that the value of tax credits does not erode and taxpayers are not inadvertently pushed into higher tax brackets. Credit amounts were increased by 1.3% in 2016. This means the basic personal and spousal amounts will rise from $18,214 to $18,451, still the highest amongst the provinces.

As 2016 marks the first full year of the new graduated rate structure, income tax brackets will not be indexed until the 2017 tax year.

DIVIDEND TAX CREDIT

Income earned through corporations and then paid out to shareholders is taxed twice, once at the corporate level and again at the personal level in the hands of shareholders. Dividend tax credits are used to integrate the personal and corporate tax systems by either fully or partially offsetting this effect.

The government is maintaining the dividend tax credit rate at 10% for dividends paid out of income taxed at the general corporate income tax rate

Alberta Non-Refundable Tax Credit Block

	2015		2016	
	Maximum Amount	Reduction in Alberta Tax	Maximum Amount	Reduction in Alberta Tax
Basic personal amount	18,214	1,821	18,451	1,845
Spousal amount	18,214	1,821	18,451	1,845
Eligible dependant amount	18,214	1,821	18,451	1,845
Age amount	5,078	508	5,141	514
Infirm dependant amount	10,245	1,024	10,456	1,046
CPP contributions	2,400	240	2,544	254
EI premiums	839	84	839	84
Pension income amount	1,402	140	1,421	142
Disability amount	14,690	1,469	14,690	1,469
Disability supplement	10,245	1,024	10,456	1,046
Tuition and education amounts	Various	Various	Various	Various
Adoption expenses	11,457	1,146	11,819	1,182
Medical expenses	Various	Various	Various	Various
Medical expenses (other dependants)	Various	Various	Various	Various
Caregiver amount	10,245	1,024	10,456	1,046
Interest on student loans	Various	Various	Various	Various
Donations and gifts				
first $200	200	20	200	20
over $200	75% of income	Various	75% of income	Various

* A general credit amount is multiplied by 10% to arrive at the reduction in Alberta tax. In the case of total donations and gifts over $200, the credit rate is 21%.

(eligible dividends). Alberta's combined corporate and personal tax on dividend income will still be comparable to rates across Canada.

The dividend tax credit rate for dividends paid out of income taxed at the small business rate (other than eligible dividends) will be adjusted downwards as a result of lowering the small business rate to 2%, effective January 1, 2017. This ensures that income earned in a small business and flowed out to shareholders continues to be taxed at a minimum of 10%. Alberta's lowest personal income tax rate.

CLIMATE LEADERSHIP PLAN

Alberta has developed a new Climate Leadership Plan based on the recommendations put forward by the Climate Change Advisory Panel. The Plan contains four main components:

- Phasing out coal emissions and developing more renewable energy;
- Implementing a new carbon price on GHG emissions;
- Legislating an oil sands emission limit; and
- Employing a new methane emission reduction plan for the oil and gas sector.

The government has also committed to using the revenue raised to:

- Invest directly into measures to reduce emissions and improve energy efficiency, such as clean energy research and technology, green infrastructure and other programs to help Albertans reduce their energy use.
- Provide rebates to help lower and middle income individuals and families with carbon costs, as well as transitional support to help small businesses, Indigenous communities, and people working in communities rooted in the coal industry.

CARBON PRICING

An economy-wide price on carbon is one of the most cost-effective ways to achieve a significant reduction in emissions, as it provides a financial incentive for everyone, including households, businesses and large industrial emitters, to reduce the GHG emissions that contribute to climate change. The carbon price will be implemented through two different mechanisms:

1. **Performance standards for Large Final Emitters** – The carbon emissions of Large Final Emitters will continue to be subject to the Specified Gas Emitters Regulation (SGER) framework until the end of 2017, when the province will transition to product and sector-based performance standards. Further details on performance standards will be made public after industry consultations. The carbon price paid by Large Final Emitters is $20 per tonne of GHG emissions over their emissions target as of January 1, 2018, rising to $30 per tonne on January 1, 2017.
2. **Carbon levy** – Fuels, such as natural gas, transportation fuels and other fuels, will be subject to a new carbon levy when consumed for combustion purposes. The carbon levy will be introduced January 1, 2017 and will

reflect a price of $20 per tonne of carbon dioxide-equivalent emissions, rising to $30 per tonne on January 1, 2018.

The carbon levy on transportation and heating fuels begins January 1, 2017.

Together, these two mechanisms will achieve an economy-wide charge on greenhouse gas emissions that will cover 78 to 90 per cent of Alberta's emissions. The system will be designed so that both components work together and fuel users are not charged twice on the same emissions.

CARBON LEVY

The carbon levy will apply to purchases of all fossil fuels that produce GHG emissions when combusted. This includes fuels used for transportation purposes and fuels used for heating, such as natural gas and propane. The levy will not apply directly to consumer purchases of electricity.

The carbon prices of $20 and $30 per tonne are applied to individual fuels based on the amount of GHG emissions released when the fuel is combusted. The rates on major fuels are as follows:

Carbon Levy Rates – Major Fuels

Type of Fuel	January 1, 2017 Rate ($20/tonne)	January 1, 2018 Rate ($30/tonne)
Diesel	5.35 ¢/L	8.03 ¢/L
Gasoline	4.49 ¢/L	6.73 ¢/L
Natural Gas	1.011 $/GJ	1.517 $/GJ
Propane	3.08 ¢/L	4.62 ¢/L

Source: Alberta Treasury Board and Finance

A full listing of rates and fuels subject to the levy is provided on page 106.

The Climate Change Advisory Panel had proposed that the carbon price should increase over time. However, the government will not increase the carbon price further until the economy is on a stronger footing and once the actions of other jurisdictions, including those of the federal government, are better known.

The levy is estimated to raise $274 million in 2016-17, rising to $1.2 billion in 2017-18 and $1.7 billion in 2018-19.

HOW THE CARBON LEVY WILL WORK

For fuels such as gasoline and diesel, the carbon levy will be included in the price of the fuel paid by consumers, as is currently done for Alberta's fuel tax. For natural gas, it is anticipated that the carbon levy will be shown as a separate line item on consumers' bills. The application of the levy to other fuels, such as coal, propane and heavy fuel oil, will be fuel-specific, reflecting how the product is produced, distributed and sold.

Some exemptions will apply, including the following:

- **SGER/performance standards** – Sites covered under the requirements of the SGER/performance standards will be exempted from paying the levy on

heating fuels. This exemption ensures that the government's carbon pricing mechanisms are effectively integrated and facilities are not charged for their heating fuel use under both the carbon levy and the SGER/performance standards. Details of how the carbon levy and the SGER/performance standards interact on the combustion of transportation fuels used on site will be provided later, once the carbon levy regulations are introduced and the performance standards are developed.

- **Natural gas produced and consumed on site** – As indicated in the Climate Leadership Plan, natural gas produced and consumed on site by conventional oil and gas producers will be exempt from the carbon levy until January 1, 2023.
- **Marked gasoline and diesel** – Use by farmers for farming operations will be exempt from the levy. Marked fuel purchased for other qualifying off-road uses will be subject to the levy.
- **Biofuels** – Biofuels, which include ethanol, biodiesel and biomethane, will be exempt to recognize their lower carbon impact. The exemption for ethanol and biodiesel will be administered through lower rates on gasoline and diesel. The lower rates for these fuels will reflect the 5% and 2% renewable fuel requirements for gasoline and diesel, respectively. Details on the biomethane exemption will be announced when the legislation and regulations are introduced later this year.
- **Inter-jurisdictional flights** – As Alberta is only taking responsibility for the GHG emissions produced within its own jurisdiction, emissions from fuel used by airplanes flying between Alberta and other jurisdictions will be exempt from the levy.
- **Indigenous use** – Eligible First Nations individuals and bands will be exempt from the levy when fuel is purchased on-reserve for personal or band use, consistent with exemptions for Alberta's other commodity taxes.
- **Other exemptions** – Fuel sold for export will be exempt from the levy as it is not consumed in Alberta and the related emissions are not released here. Industrial exemptions, where deemed appropriate, will apply to situations where fuels are used in industrial processes without releasing GHG emissions.

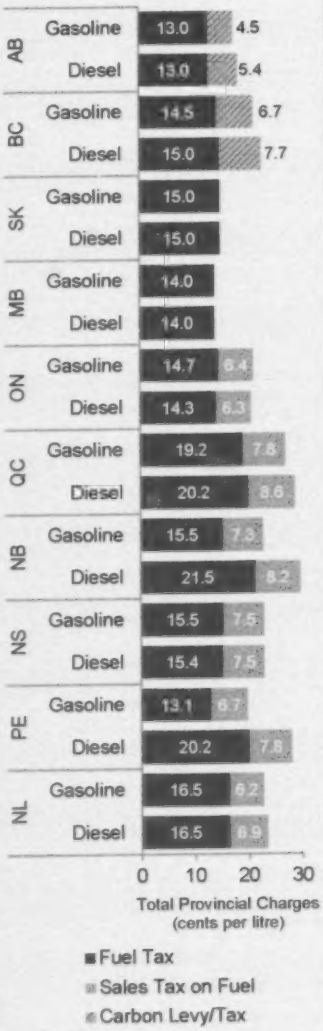
LEGISLATION AND ADMINISTRATION

Legislation enacting the carbon levy will be introduced this spring. Regulations, with further details about exemptions and the process for remitting the levy, will be introduced later this year.

For transportation and other refined fuels, the levy will be administered through a structure similar to Alberta's fuel tax. This approach will minimize the costs of administration for government and compliance for businesses, as entities that currently remit fuel tax to the government will follow a similar process to remit the carbon levy.

For heating fuels, the collection and remitting process will, in general, be designed to have the levy collected and remitted to government by entities

PROVINCIAL CHARGES ON GASOLINE AND DIESEL, 2017



Sources: Alberta Treasury Board and Finance and Natural Resources Canada

- Carbon charges include Alberta's carbon levy and BC's carbon tax. Ontario and Quebec also impose a charge on fuel through their cap-and-trade systems, which is not included in this chart.
- Sales tax on fuel is based on average retail prices of gasoline and diesel for the week ending March 8, 2016.
- Based on provincial tax rates known as of March 24, 2016.

higher up the distribution chain, aiming to reduce both administration and compliance costs. For natural gas, the levy will be collected and remitted by entities in the natural gas distribution system. For other fuels such as natural gas liquids and coal, entities that either produce and sell, or import and sell these fuels will be responsible for collecting and remitting the levy.

The government will continue to work with industry and other stakeholders to determine the most efficient way to administer the levy and exemptions.

IMPACT OF THE CARBON LEVY ON HOUSEHOLDS

The government acknowledges that taking action on climate change through an economy-wide price on carbon will raise costs for households, due to higher costs for natural gas used for heating, as well as for gasoline and diesel. The impacts will vary, depending on a household's energy use and driving patterns. The table below outlines the typical direct impacts a household may face.

Even with the introduction of the carbon levy, Alberta will have the third-lowest total provincial taxes/levies on gasoline and diesel in 2017, after Saskatchewan and Manitoba.

Estimated Impacts of the Carbon Levy on Households

	Single	Couple	Couple with 2 Children
Consumption Assumptions			
Natural gas (GJ)	100	123	135
Gasoline (litres)	2,000	3,000	4,500
2017 Impacts			
Natural gas (@ $1.011/GJ)	$101	$124	$136
Gasoline (@ 4.49 ¢/L)	$90	$135	$202
Total 2017 Costs	**$191**	**$259**	**$338**
2017 Maximum Rebate Amount	**$200**	**$300**	**$360**
2018 Impacts			
Natural gas (@ $1.517/GJ)	$152	$186	$205
Gasoline (@ 6.73 ¢/L)	$134	$202	$303
Total 2018 Costs	**$286**	**$388**	**$508**
2018 Maximum Rebate Amount	**$300**	**$450**	**$540**

Source: Alberta Treasury Board and Finance

PROTECTION FOR LOWER AND MIDDLE INCOME ALBERTANS

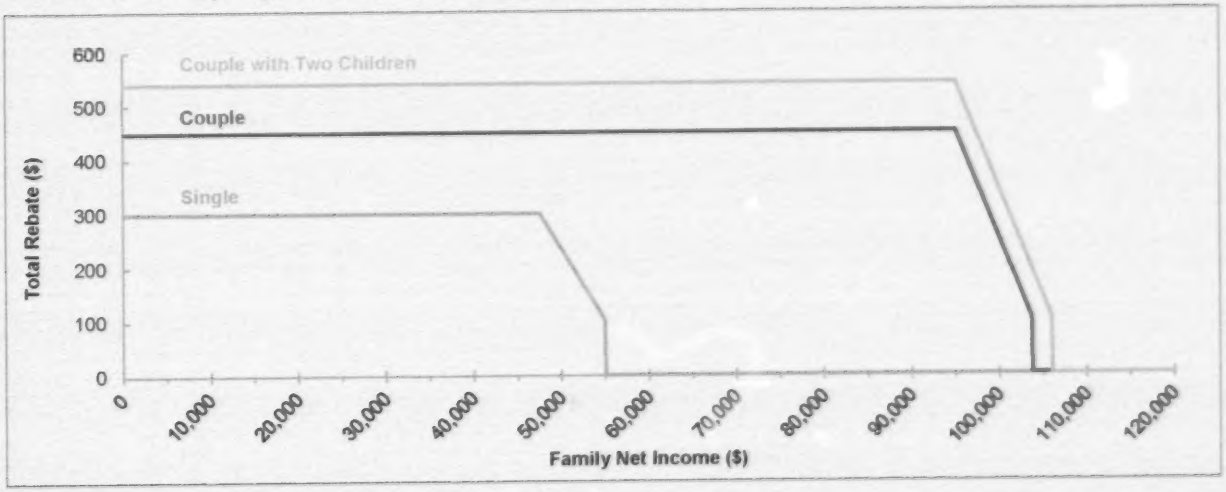
The government will introduce the Climate Leadership Adjustment Rebate to protect lower and middle income Albertans from the higher costs resulting from the carbon levy. These individuals pay a higher percentage of their income for heating and transportation and also have fewer financial resources to make investments that reduce their future emissions. The full amount of the rebate will be provided to 60% of households, helping to protect a large share of lower and middle income families from the impact of the levy.

The full amount of the Climate Leadership Adjustment Rebate will be provided to 60% of Alberta households.

Climate Leadership Adjustment Rebate Parameters

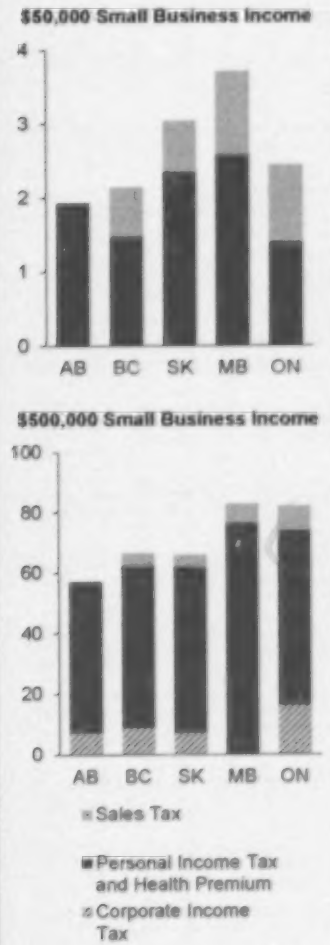
	2017	2018
Benefit Amounts		
First adult	$ 200	$ 300
Spouse/Equivalent to spouse	$ 100	$ 150
Child (max. 4)	$ 30	$ 45
Phase-out Thresholds (Family Net Income)		
Single	$ 47,500	$ 47,500
Couple	$ 95,000	$ 95,000
Families	$ 95,000	$ 95,000
Income at which Rebate is Fully Phased Out (Family Net Income)		
Single	$ 51,250	$ 55,000
Couple	$ 100,000	$ 103,750
Couple with 2 children	$ 101,500	$ 106,000
Couple with 4 children	$ 103,000	$ 108,250
Phase-out Rates		
Single	2.67%	2.67%
Couple	4.00%	4.00%
Families	4.00%	4.00%

Climate Leadership Adjustment Rebate Benefits by Income, 2018



Source: Alberta Treasury Board and Finance

PROVINCIAL TAX PAID BY SMALL BUSINESS OWNERS, 2017
(thousands of dollars)



Source: Alberta Treasury Board and Finance

- Small business income is before compensation is paid to the owner.
- It is assumed that the owner is paid a salary until RRSP contributions are maximized, with any remainder taken as dividends.

The rebate will begin in January 2017 and will provide up to $200 for an adult, $100 for a spouse and $30 for each child under 18 in the household (to a maximum of four). In 2018, when the carbon price rises to $30 per tonne, rebate amounts will be adjusted accordingly, rising to $300 for an adult, $150 for a spouse and $45 for each child. Single parents will receive the spousal amount for one child and the child amount for up to four additional children.

The rebate will begin to phase out at $47,500 in net family income for singles and $95,000 for couples and families.

Payments will be made as frequently as quarterly. Recipients eligible for an annual amount of $400 or more will receive quarterly payments. Those eligible for an annual amount of less than $400 and $200 or more will receive two payments. Those eligible for an annual amount of less than $200 and $100 or more will receive one payment. No rebates under $100 will be paid. For more information on when payments will be made, see page 106.

This rebate is non-taxable. It is also refundable, meaning Albertans will receive the rebate regardless of whether they pay provincial income tax. To be eligible, recipients must be Alberta residents, have filed a 2015 tax return and meet the income parameters.

The rebate will deliver approximately $95 million in 2016-17, $435 million in 2017-18 and $590 million in 2018-19 to offset the carbon costs of lower and middle income Albertans. As this rebate is intended to support households in the transition to the new carbon costs, it will not be indexed to inflation like Alberta's other refundable tax credits.

Many Albertans will also benefit from other programs being developed as part of the Climate Leadership Plan, including energy efficiency programs that provide opportunities for households to find energy savings. For more details on these measures, see the Expense Chapter.

SMALL BUSINESS TAX RELIEF

As part of the Climate Leadership Plan, the government will lower the small business corporate income tax rate from 3% to 2% effective January 1, 2017, to help small businesses adjust to the cost of carbon. This tax relief will be worth an estimated $185 million in 2017-18 to Alberta small business owners.

With this change to the small business rate, Alberta will be tied with Saskatchewan for the second-lowest provincial small business rate. This reduction increases Alberta's overall tax advantage for small business owners, which also includes comparable personal income tax rates, no provincial payroll or sales tax and no health premium. While Manitoba's small business rate is lower, Alberta small business owners pay less in taxes when they take money out of their small business for personal use.

A number of other programs are being developed to help businesses and communities reduce their greenhouse gas emissions. These programs include support for new technology, green infrastructure, energy efficiency and renewable energy. For more details on these measures, see the Expense Chapter.

Alberta

TAX PLAN
ANNEX

2016 Tax Expenditure Estimates

(millions of dollars)

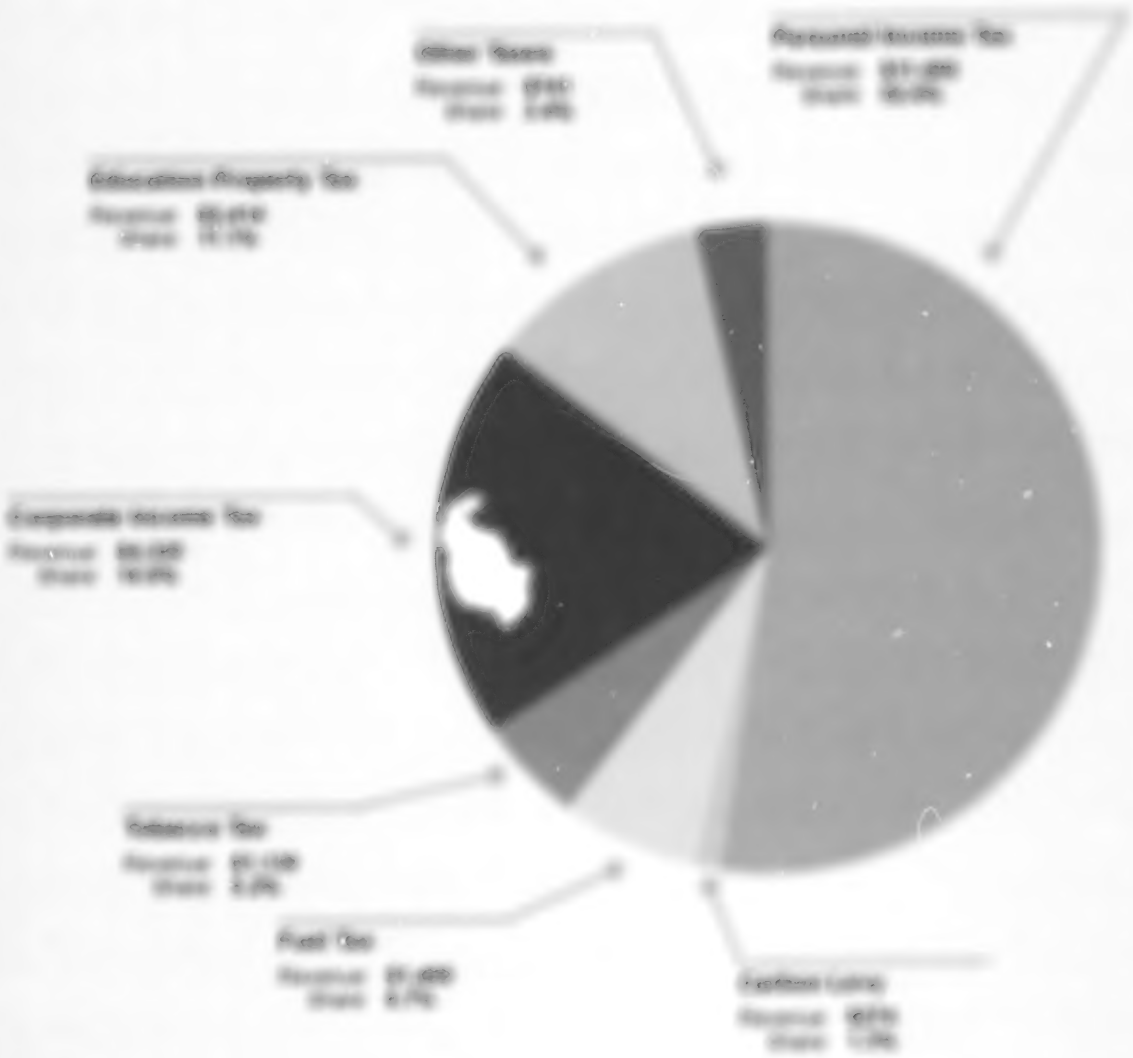
Personal Income Tax	
Federal tax source / tracked by Alberta	
Workers' compensation payments exemption	29.6
Social assistance payments exemption	16.0
Tax-free supplements exemption (e.g. Guaranteed Income Supplement)	1.8
Union and professional dues deduction	49.6
Child care expense deduction	91.6
Moving expense deduction	9.4
Flow-through share deduction	28.6
Clergy residence deduction	4.6
Capital gains inclusion rate (50%)	311.3
Lifetime capital gains exemption	11.9
Security options deduction	65.6
Northern residents deduction	28.1
Provincial Measures	
Basic personal amount	3,060.1
Spousal amount	216.4
Eligible dependant amount	68.0
Age amount	90.3
Pension income amount	45.5
Caregiver amount	19.1
Disability amount	36.5
Disability amount transferred from a dependant	37.9
Interest paid on student loans	0.8
Tuition and education amounts	149.8
Tuition and education amounts transferred from a child	34.5
Amounts transferred from a spouse or common-law partner	33.7
Medical expenses	62.9
Donations and gifts	283.0
Political contributions tax credit	3.1
Corporate Income Tax	
Small business rate	1,450.0
Donations and gifts	36.0
Fuel Tax	
Tax Exempt Fuel User program (marked fuel for off-road use)	210.0
Alberta Farm Fuel Benefit (marked fuel)	65.0
Reduced rate for locomotive fuel	24.0
Exemption for aviation fuel used on international flights	0.0
Transfers Through the Tax System*	
Alberta Family Employment Tax Credit	136.9
Alberta Child Benefit	147.0
Scientific Research and Experimental Development Tax Credit	34.0

Generally, estimates cannot be added together to determine the fiscal impact of concurrently eliminating multiple tax expenditures.

* Transfers through the tax system are reported in ministries' operating expense. Amounts for the Alberta Family Employment Tax Credit and Scientific Research and Experimental Development Tax Credit appear in the Ministry of Treasury Board and Finance's operating expense, while the Alberta Child Benefit appears in Human Services' operating expense.

2016 –17 Tax and Levy Revenue

(millions of dollars)



Total Tax and Levy Revenue $21,757 million

[illegible] — [illegible] Tax and Living Standards Statistics

[illegible] to [illegible]

Statistic	Total Revenue	Rate	Revenue per Unit
1. [illegible] Income Tax	[illegible]		
[illegible] income	[illegible]	[illegible] income	[illegible] per cent
Taxable income – [illegible]	[illegible]	[illegible] rate	[illegible]
2. [illegible] Dividend Tax	[illegible]		
Interest	[illegible]	[illegible]	[illegible] per cent
Small business	[illegible]	[illegible]	[illegible] per cent
3. [illegible] Property Tax	[illegible]		
Residential [illegible] property	[illegible]	[illegible]	[illegible] per [illegible]
Non-residential property	[illegible]	[illegible]	[illegible] per [illegible]
4. Pensions Tax	[illegible]	[illegible]	[illegible] per [illegible]
5. Fuel Tax	[illegible]		
Gasoline	[illegible]	[illegible]	[illegible] per [illegible]
Diesel	[illegible]	[illegible]	[illegible] per [illegible]
Propane	[illegible]	[illegible]	[illegible] per [illegible]
Aviation	[illegible]	[illegible]	[illegible] per [illegible]
Locomotive	[illegible]	[illegible]	[illegible] per [illegible]
6. [illegible] duty	[illegible]	[illegible] rate	[illegible]
7. Employer's Personal Property Tax	[illegible]	[illegible]	[illegible]
8. [illegible] Tax	[illegible]		
[illegible] – [illegible] commuter	[illegible]	[illegible] kilometre	[illegible] per [illegible]
Other	[illegible]	[illegible] kilometre	[illegible] per [illegible]
9. Payroll [illegible]	[illegible]	[illegible]	[illegible] per [illegible]

[illegible] [illegible] [illegible] [

[illegible] — Local Tax Comparisons, [illegible]

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1. [illegible]
2. [illegible]
3. [illegible]
4. [illegible]
5. [illegible]

Bega Provincial Tax Rates, 2018

		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Personal Income (%)											
Flat rate on total											
Low rate	(a)	3.00	3.40	3.70	3.90	3.80	3.60	3.80	3.70	3.80	3.70
Middle rate	(a)	5.00	5.40	5.60	5.70	5.50	5.30	5.60	5.50	5.70	5.60
Levy	(b)					0.60				0.80	
Graduated Marginal Income											
Up to basic tier	(a)	2.00	2.10	2.00	2.00	2.00	2.00	2.00	2.00	2.10	2.00
Second tier	(a)	4.00	4.00	4.00	4.10	4.00	3.90	4.00	4.00	3.90	4.00
Above second	(a)	6.00	5.90	6.20	6.10	5.90	5.80	5.90	5.90	5.90	5.90
Corporate Income (%)											
General rate	(a)	7.00	7.10	7.00	7.00	7.10	7.00	7.00	6.90	7.00	7.00
SME rate	(a)	3.50	3.60	3.50	3.50	3.60	3.50	3.50	3.50	3.50	3.50
Small business											
Rate	(a)	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Threshold	($000)	500	500	500	500	500	500	500	500	500	500
Capital (%)											
Financial institutions	(surtax)			1.50	1.60			1.40	1.60	1.60	1.50
Stamp (%)	(a)		0.1	0.2	0.2	0.2	0.25	0.20	0.20	0.2	0.2
Gasoline (%)	(surtax)	3.00	3.10	3.00	3.00	3.20	3.07	3.00	2.90	3.10	3.00
Tobacco (%)	(ad val/cig)	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Payroll (%)	(surtax)				1.10	1.00	1.00				1.00

Rates are 2018 unless otherwise noted. (a) Effective 1 July 2018. (b) Levy on total income above $80,000.

1. Surtax: calculated as a percentage of the basic provincial tax payable by the taxpayer for the year, before any deductions or credits. Applies to all taxpayers regardless of residence.
2. Levy: a flat dollar amount added to total income above a stated threshold. Applies to taxpayers whose total income for the year exceeds the threshold.
3. Ad val/cig: ad valorem tax on cigarettes, expressed as a percentage of the manufacturer's price. Applies to cigarettes sold in the province.
4. Rate: the percentage or dollar amount applied to the taxable base. Where a rate is zero, the tax is not imposed.
5. Effective 1 July 2018, the basic personal tax credit increased to $12,500 for 2018 and is indexed thereafter.
6. Small business rate applies to the first $500,000 of active business income earned in a province in a tax year.
7. Financial institutions pay capital tax on taxable capital employed in the province, rather than on net income. Taxable capital is generally equity plus certain liabilities, less certain deductions.
8. Stamp tax is levied on the transfer of real property and on certain financial instruments. Rates vary by property value and type of instrument.

Carbon Levy Rates, by Type of Fuel

Type of Fuel	Effective January 1, 2017 Rate ($/tonne)	Effective January 1, 2018 Rate ($/tonne)
[illegible] Jet Fuel	[illegible]	[illegible]
[illegible] Gas	[illegible]	[illegible]
[illegible] Fuel	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible] Coke	[illegible]	[illegible]
[illegible] Oven Gas	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible] Liquids	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible] Distillate Oil	[illegible]	[illegible]
[illegible] Fuel Oil	[illegible]	[illegible]
[illegible] Heat Motor Fuel	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible] Diesel	[illegible]	[illegible]
[illegible] Heat Motor Fuel	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible] Gas	[illegible]	[illegible]
[illegible] Gas/Natural Gas	[illegible]	[illegible]
[illegible] Plus	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible] Gas	[illegible]	[illegible]
[illegible] Petroleum Coke	[illegible]	[illegible]
[illegible] Petroleum Coke	[illegible]	[illegible]

Climate Leadership Adjustment Rebate Payment Schedule

Rebate Amount	Timing of Payment(s)			
	January	April	July	October
[illegible] and Greater	✓	✓	✓	✓
Between [illegible] and [illegible]	✓		✓	
Between [illegible] and [illegible]	✓			
Less than [illegible]	No Rebate			

Alberta

FISCAL PLAN

FISCAL PLAN TABLES

The Alberta JOBS PLAN BUDGET 2016

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NOTE: Amounts presented in tables may not add to totals due to rounding.

Statement of Operations

(millions of dollars)

	2014-15 Actual	2015-16 Budget	2015-16 Forecast	2016-17 Estimate	2017-18 Target	2018-19 Target
Revenue						
Personal income tax	11,042	12,047	11,278	**11,405**	11,759	12,363
Corporate income tax	5,796	4,745	4,972	**4,325**	4,263	4,819
Other taxes	4,598	5,307	5,345	**6,037**	7,156	7,765
Non-renewable resource revenue	8,948	2,768	2,474	**1,364**	2,753	4,225
Transfers from Government of Canada	5,982	6,984	7,236	**7,278**	7,430	7,667
Investment income	3,113	2,820	2,766	**2,115**	2,266	2,476
Net income from govt. business enterprises	2,665	2,736	2,537	**2,416**	2,680	2,816
Premiums, fees and licences	3,564	3,687	3,588	**3,649**	3,805	3,814
Other	3,773	2,694	2,742	**2,787**	2,876	3,672
Total Revenue	**49,481**	**43,788**	**42,938**	**41,376**	**44,988**	**49,617**
Expense						
Advanced Education	5,526	5,824	5,759	**5,895**	6,044	6,151
Agriculture and Forestry	1,273	1,851	1,647	**1,090**	1,062	1,094
Culture and Tourism	337	336	337	**334**	347	352
Economic Development and Trade	251	393	305	**343**	393	303
Education	7,556	7,578	7,619	**7,911**	8,065	8,208
Energy	720	990	788	**769**	743	658
Environment and Parks	464	530	475	**459**	454	461
Executive Council	23	27	27	**27**	27	27
Health	19,262	19,613	19,854	**20,361**	20,929	21,260
Human Services	3,985	4,171	4,193	**4,395**	4,525	4,592
Indigenous Relations	191	195	195	**186**	188	201
Infrastructure	629	612	621	**670**	697	692
Justice and Solicitor General	1,329	1,358	1,366	**1,396**	1,391	1,422
Labour	162	201	197	**212**	216	220
Municipal Affairs	2,136	1,401	1,410	**1,764**	1,735	1,752
Seniors and Housing	621	611	613	**644**	635	630
Service Alberta	281	307	302	**305**	305	310
Status of Women	-	1	1	**8**	8	8
Transportation	1,416	1,304	1,302	**1,310**	1,638	1,643
Treasury Board and Finance	1,516	1,432	1,478	**1,526**	1,547	1,577
Legislative Assembly	125	154	140	**128**	129	159
2013 Alberta flood assistance	244	205	184	**153**	131	69
Climate Leadership Plan	-	-	-	**330**	1,208	2,426
Operating expense in-year savings	-	-	-	**(250)**	(250)	(250)
Unallocated disaster / emergency assistance	-	-	-	**200**	200	200
Debt servicing costs	722	778	775	**996**	1,432	2,003
Pension provisions	(404)	31	(258)	**(65)**	(180)	(201)
Total Expense	**48,366**	**49,906**	**49,331**	**51,097**	**53,619**	**55,968**
Risk Adjustment	-	-	-	**(700)**	**(1,500)**	**(2,000)**
Surplus / (deficit)	**1,115**	**(6,118)**	**(6,393)**	**(10,421)**	**(10,131)**	**(8,351)**
Beginning net assets (+ adjustments)	**54,136**	**55,251**	**55,251**	**48,858**	**38,437**	**28,306**
Net assets at end of year	**55,251**	**49,133**	**48,858**	**38,437**	**28,306**	**19,955**

Consolidated Fiscal Summary

(millions of dollars)

	Income Statement	2014-15 Actual	2015-16 Budget	2015-16 Forecast	2016-17 Estimate	2017-18 Target	2018-19 Target
1	**Total Revenue**	**49,481**	**43,788**	**42,938**	**41,376**	**44,988**	**49,617**
	Expense						
2	Operating expense (net of program re-allocations)	42,047	43,209	43,222	**44,094**	45,090	45,874
3	% change from prior year	*4.3*	*2.8*	*2.8*	***2.0***	*2.3*	*1.7*
4	Climate Leadership Plan operating expense allocation	-	-	-	**325**	1,000	1,871
5	Disaster assistance (with operating 2013 flood support)	351	829	647	**246**	228	204
6	Capital grants (including 2013 flood support)	2,466	1,975	1,862	**2,288**	2,577	2,391
7	Climate Leadership Plan Capital Plan allocation	-	-	-	**5**	208	555
8	Amortization / loss on disposals	2,302	2,262	2,260	**2,380**	2,418	2,426
9	Inventory consumption	882	821	823	**828**	846	845
10	Debt servicing costs – general	370	326	323	**367**	623	975
11	Debt servicing costs – Capital Plan	352	452	452	**629**	809	1,028
12	Pension provisions	(404)	31	(258)	**(65)**	(180)	(201)
13	**Total Expense**	**48,366**	**49,906**	**49,331**	**51,097**	**53,619**	**55,968**
14	**Risk Adjustment**	-	-	-	**(700)**	**(1,500)**	**(2,000)**
15	**Surplus / (Deficit)**	**1,115**	**(6,118)**	**(6,393)**	**(10,421)**	**(10,131)**	**(8,351)**

	Capital Plan						
16	Capital grants	2,466	1,975	1,862	**2,288**	2,577	2,391
17	Capital investment	3,715	5,888	5,041	**6,188**	5,479	4,924
18	Climate Leadership Plan	-	-	-	**5**	208	555
19	**Total Capital Plan**	**6,181**	**7,863**	**6,903**	**8,481**	**8,264**	**7,870**

	Balance Sheet	At March 31				
		2015 Actual	2016 Forecast	2017 Estimate	2018 Target	2019 Target
	Financial Assets					
20	Heritage Savings Trust Fund, endowment and other funds	18,860	19,278	**19,631**	19,993	20,428
21	Contingency Account	6,529	3,793	**-**	-	-
22	Self-supporting lending organizations	19,415	20,001	**21,146**	22,028	23,013
23	Other financial assets	11,939	12,088	**12,217**	13,184	13,963
24	SUCH sector financial assets	9,334	8,819	**8,349**	7,934	7,519
25	**Total Financial Assets**	**66,077**	**63,979**	**61,343**	**63,139**	**64,923**
	Liabilities					
26	Liabilites for capital projects	11,922	19,058	**24,198**	30,426	35,993
27	Debt for pre-1992 TPP liability / direct borrowing for the Fiscal Plan	943	944	**6,313**	14,733	21,614
28	Self-supporting lending organizations	17,301	17,783	**18,632**	19,200	19,863
29	Other liabilities	6,425	6,068	**6,382**	5,949	5,515
30	Pension liabilities	11,196	10,938	**10,873**	10,693	10,492
31	SUCH sector liabilities	5,236	5,167	**4,965**	4,796	4,627
32	**Total Liabilities**	**53,023**	**59,958**	**71,363**	**85,797**	**98,104**
33	**Net Financial Assets**	**13,054**	**4,021**	**(10,020)**	**(22,658)**	**(33,181)**
34	Capital / other non-financial assets	44,753	47,528	**51,374**	54,466	56,996
35	Deferred capital contributions	(2,556)	(2,691)	**(2,917)**	(3,502)	(3,860)
36	**Net Assets**	**55,251**	**48,858**	**38,437**	**28,306**	**19,955**
37	**Change in Net Assets**	**1,115**	**(6,393)**	**(10,421)**	**(10,131)**	**(8,351)**

Consolidated Fiscal Summary, *continued*

(millions of dollars)

	Contingency Account	2014-15 Actual	2015-16 Budget	2015-16 Forecast	2016-17 Estimate	2017-18 Target	2018-19 Target
1	**Balance at Start of Year**	**4,658**	**6,529**	**6,529**	**3,793**	-	-
2	**Surplus / (deficit)**	1,115	(6,118)	(6,393)	**(10,421)**	(10,131)	(8,351)
	Cash Adjustments – Sources / (Requirements)						
3	SUCH / Alberta Innovates revenue / expense adjustments	623	491	443	**215**	235	340
4	Pension provisions	(404)	31	(258)	**(65)**	(180)	(201)
5	Net deferred capital contribution cash adjustment	101	89	94	**186**	545	319
6	Heritage Fund inflation-proofing	(210)	(165)	(209)	**(243)**	(277)	(329)
7	Retained income of funds and agencies	(838)	(474)	(568)	**(475)**	(606)	(891)
8	Energy royalties	1,369	354	554	**(50)**	(276)	(123)
9	Student loans	(239)	(367)	(329)	**(341)**	(304)	(226)
10	Other cash adjustments	278	(477)	193	**(400)**	(16)	(16)
11	2013 Alberta flood assistance revenue / expense	(745)	(429)	(144)	**(121)**	107	-
12	Inventory acquisition	(172)	(180)	(175)	**(172)**	(183)	(183)
13	Inventory consumption (non-cash expense)	141	129	132	**135**	153	152
	Capital Plan Cash Adjustments – Sources / (Requirements)						
14	Capital investment (excluding SUCH sector self-financed)	(3,414)	(4,762)	(4,014)	**(5,237)**	(4,681)	(3,913)
15	Amortization / book value of disposals (non-cash expense)	855	847	848	**935**	978	986
16	Withdrawal from Capital Plan financing account	673	-	-	**1,763**	-	-
17	Direct borrowing for Capital Plan	3,021	5,958	7,016	**5,035**	6,066	5,377
18	Alternative financing (P3s – public-private partnerships)	199	143	148	**145**	211	242
19	Current principal repayments (P3s)	(39)	(42)	(42)	**(51)**	(61)	(64)
20	**Surplus / (deficit) plus net cash adjustments**	2,314	(4,972)	(2,704)	**(9,162)**	(8,420)	(6,881)
21	Cash from prior-year final results	1,287	1,731	1,731	-	-	-
22	Cash to be transferred next year	(1,731)	-	-	-	-	-
23	Deposit to Capital Plan financing account	-	-	(1,763)			
24	Direct borrowing for the Fiscal Plan	-	-	-	**5,369**	8,420	6,881
25	**Balance at End of Year**	**6,529**	**3,289**	**3,793**	-	-	-

	Liabilities for Capital Projects	At March 31					
26	Opening balance	8,724	11,922	11,922	**19,058**	24,198	30,426
27	Alternative financing (P3s – public-private partnerships)	199	143	148	**145**	211	242
28	Direct borrowing	3,021	5,958	7,016	**5,035**	6,066	5,377
29	Re-financing of existing debt	905	-	-	-	-	500
30	Principal repayments / amortization of debt issue costs	(927)	(28)	(28)	**(40)**	(49)	(552)
31	**Total Liabilities for Capital Projects**	**11,922**	**17,995**	**19,058**	**24,198**	**30,426**	**35,993**

	Borrowing for the Fiscal Plan						
32	Opening balance (debt for pre-1992 Teachers' Pension Plan)	943	944	944	**944**	6,313	14,733
33	Direct borrowing	-	-	-	**5,369**	8,420	6,881
34	**Total Borrowing for the Fiscal Plan**	**943**	**944**	**944**	**6,313**	**14,733**	**21,614**
35	**Total Liabilities / Borrowing**	**12,865**	**18,939**	**20,002**	**30,511**	**45,159**	**57,607**
36	**Percentage of nominal Alberta GDP**	**3.4%**	**5.7%**	**6.0%**	**9.6%**	**13.1%**	**15.5%**

	Savings						
37	Heritage Fund inflation-proofing	210	165	209	243	277	329
38	**Year-end Heritage Fund Balance**	**14,961**	**15,126**	**15,170**	**15,413**	**15,690**	**16,019**

Balance Sheet Details

(millions of dollars)

	At March 31				
	2015 Actual	2016 Forecast	2017 Estimate	2018 Target	2019 Target
Financial Assets					
Alberta Heritage Savings Trust Fund	14,961	15,170	**15,413**	15,690	16,019
Endowment funds:					
Alberta Heritage Foundation for Medical Research	1,414	1,502	**1,538**	1,582	1,633
Alberta Heritage Science and Engineering Research	844	897	**923**	954	990
Alberta Heritage Scholarship	1,063	1,116	**1,131**	1,158	1,194
Alberta Cancer Prevention Legacy Fund	486	476	**469**	442	425
Alberta Enterprise Corporation	92	117	**167**	167	167
Contingency Account	6,529	3,793	-	-	-
Self-supporting lending organizations:					
Alberta Capital Finance Authority	15,062	15,505	**16,129**	16,514	17,004
Agriculture Financial Services Corporation	4,353	4,496	**5,017**	5,514	6,009
Equity in commercial enterprises	3,687	3,846	**3,963**	4,302	4,733
Student loans	1,361	1,690	**2,031**	2,335	2,561
Other cash, inventory, marketable securities, accounts receivable	6,891	6,552	**6,223**	6,547	6,669
SUCH sector / Ab Innovates Corp. additional financial assets	9,334	8,819	**8,340**	7,934	7,519
Total Financial Assets	**66,077**	**63,979**	**61,343**	**63,139**	**64,923**
Liabilities					
Liabilities for capital projects:					
Alternative financing (P3s)	2,629	2,736	**2,929**	2,979	3,157
Direct borrowing	9,293	16,323	**21,369**	27,447	32,836
Debt issued to reduce pre-1992 TPP unfunded liability	943	944	**944**	944	944
Direct borrowing for the Fiscal Plan	-	-	**5,369**	13,789	20,670
Self-supporting lending organizations:					
Alberta Capital Finance Authority	15,062	15,505	**16,129**	16,514	17,004
Agriculture Financial Services Corporation	2,239	2,278	**2,803**	2,686	2,859
Other debt, accounts and interest payable	6,105	5,703	**5,917**	5,584	5,150
Other accrued liabilities, including guarantees, indemnities, remissions	320	365	**365**	365	365
Pension liabilities	11,196	10,938	**10,873**	10,693	10,492
SUCH sector / Alberta Innovates Corp. additional liabilities	5,236	5,167	**4,965**	4,796	4,627
Total Liabilities	**53,023**	**59,959**	**71,363**	**85,797**	**98,104**
Net Financial Assets	**13,054**	**4,021**	**(10,020)**	**(22,658)**	**(33,181)**
Capital / Other Non-financial Assets	**44,763**	**47,529**	**51,374**	**54,466**	**56,996**
Deferred capital contributions	(2,566)	(2,691)	**(2,917)**	(3,502)	(3,880)
Net Assets	**55,251**	**48,859**	**38,437**	**28,306**	**19,935**
Change in Net Assets	**1,115**	**(6,393)**	**(10,421)**	**(10,131)**	**(8,371)**

Revenue

(millions of dollars)

	2014-15 Actual	2015-16 Budget	2015-16 Forecast	2016-17 Estimate	2017-18 Target	2018-19 Target
Income Taxes						
Personal income tax	11,043	12,047	11,279	11,465	11,759	12,351
Corporate income tax	5,796	4,745	4,972	4,335	4,343	4,614
	16,839	16,792	16,250	15,799	16,101	17,165
Other Taxes						
Education property tax (includes opted-out boards)	2,102	2,253	2,261	2,414	2,463	2,500
Fuel tax	644	1,434	1,465	1,480	1,496	1,535
Tobacco tax	638	1,041	1,059	1,100	1,143	1,145
Insurance taxes	403	457	456	580	634	679
Freehold mineral rights tax	173	67	74	71	65	67
Tourism levy	61	65	60	60	64	65
Carbon levy	-	-	-	274	1,247	1,736
	4,089	5,307	5,375	6,017	7,169	7,795
Non-Renewable Resource Revenue						
Bitumen royalty	1,049	1,547	1,144	488	1,555	2,665
Crude oil royalty	2,245	836	810	553	650	814
Natural gas and by-products royalty	959	343	341	161	230	355
Bonuses and sales of Crown leases	476	161	210	65	157	195
Rentals and fees / coal royalty	106	140	159	128	121	112
	6,840	2,785	2,474	1,395	2,753	4,335
Transfers from Government of Canada						
Canada Health Transfer	3,831	3,857	4,035	4,235	4,344	4,514
Canada Social Transfer	1,452	1,313	1,318	1,883	1,456	1,456
Direct transfers to SUCH sector	321	454	454	650	522	523
Agriculture support programs	265	313	273	500	279	286
Infrastructure support	341	255	255	715	263	265
Labour market agreements	174	177	183	170	178	178
Other (includes 2013 Alberta flood assistance / 2015-16 Fiscal Stabilization)	(145)	341	509	255	230	253
	6,693	6,859	7,209	7,270	7,499	7,667
Investment Income						
Alberta Heritage Savings Trust Fund	1,835	1,716	1,643	1,189	1,325	1,445
Endowment funds	354	353	373	358	353	355
Alberta Capital Finance Authority	225	185	185	157	176	218
Agriculture Financial Services Corporation	132	133	132	137	153	173
Other (includes Contingency Account and SUCH sector)	577	417	429	595	327	331
	3,113	2,805	2,766	2,116	2,255	2,479
Net Income from Government Business Enterprises						
AGLC – Gaming / lottery	1,535	1,545	1,545	1,491	1,491	1,510
AGLC – Liquor	797	851	854	888	879	935
Alberta Treasury Branches	325	283	82	87	335	373
Other (CUDGCo and APMC)	47	57	57	76	83	136
	2,666	2,736	2,537	2,410	2,655	2,815
Premiums, Fees and Licences						
Post-secondary institution tuition fees	1,110	1,135	1,135	1,197	1,165	1,199
Health / school board fees and charges	672	655	671	711	724	651
Motor vehicle licences	514	525	535	529	536	549
Crop, hail and livestock insurance premiums	307	314	300	891	507	555
Energy industry levies	292	306	306	883	905	909
Land Titles	91	83	83	79	83	83
Other (includes lands & grazing, health benefit premiums)	570	645	567	570	654	674
	3,554	3,657	3,696	3,649	3,655	3,619
Other						
SUCH sector sales, rentals and services	650	603	605	600	672	698
SUCH sector fundraising, donations, gifts and contributions	667	564	561	600	599	562
AIMCo investment management charges	264	257	301	307	315	335
Fines and penalties	145	265	256	209	215	222
Refunds of expense	1,105	141	153	140	140	140
Climate Change and Emissions Management Fund	77	91	92	101	146	617
Miscellaneous (includes Alberta Innovates)	863	479	476	812	501	318
	3,773	2,694	2,742	2,767	2,678	3,673
Total Revenue	46,481	43,768	42,930	41,570	44,699	49,617

Expense by Ministry

(millions of dollars)

	2016-17 Actual	2017-18 Budget	2017-18 Forecast	2018-19 Estimate	2019-20 Target	2020-21 Target
Advanced Education	5,526	5,624	5,759	5,855	5,944	6,151
Agriculture and Forestry	1,273	1,401	1,347	1,485	1,502	1,504
Culture and Tourism	337	345	337	356	347	352
Economic Development and Trade	291	343	305	362	333	323
Education	7,504	7,578	7,519	7,915	8,005	8,338
Energy	726	450	745	769	745	818
Environment and Parks	454	530	475	485	454	451
Executive Council	29	27	27	27	27	27
Health	19,262	19,613	19,854	20,821	20,939	21,303
Human Services	3,885	4,171	4,103	4,285	4,528	4,592
Indigenous Relations	191	195	195	198	145	201
Infrastructure	629	612	521	675	457	462
Justice and Solicitor General	1,329	1,354	1,348	1,456	1,391	1,403
Labour	192	201	197	213	216	220
Municipal Affairs	2,130	1,421	1,410	1,760	1,719	1,752
Seniors and Housing	621	611	613	660	634	638
Service Alberta	291	307	302	326	326	310
Status of Women	-	1	1	0	0	0
Transportation	1,410	1,304	1,302	1,310	1,035	1,045
Treasury Board and Finance	1,516	1,402	1,479	1,545	1,347	1,377
Legislative Assembly	126	154	140	128	126	156
Unallocated disaster / emergency assistance	-	-	-	250	250	250
2013 Alberta flood assistance (operating and capital grants)	249	245	191	105	131	45
Climate Leadership operating expense	-	-	-	535	1,040	1,271
Climate Leadership Capital Plan allocation	-	-	-	0	208	555
Operating program re-allocations	-	-	-	(289)	(252)	(252)
Total Program Expense	**45,549**	**45,550**	**45,914**	**50,185**	**51,307**	**53,195**
Debt Servicing Costs	702	778	778	968	1,450	2,053
Pension Provisions	(696)	91	(288)	(86)	(186)	(291)
Total Expense	**45,555**	**46,419**	**46,404**	**51,067**	**52,570**	**54,957**

Debt Servicing Costs

(millions of dollars)

	2016-17 Actual	2017-18 Budget	2017-18 Forecast	2018-19 Estimate	2019-20 Target	2020-21 Target
General						
Advanced Education – post-secondary institutions	41	39	41	45	47	50
Agriculture and Forestry – Agriculture Financial Services Corp.	75	75	75	72	74	87
Education – school boards	10	10	10	10	10	10
Health – Alberta Health Services	16	16	16	17	17	17
Seniors and Housing – Alberta Social Housing Corporation	10	8	8	6	5	5
Treasury Board and Finance – Alberta Capital Fin. Auth. / other	223	178	178	210	404	424
Total General Debt Servicing Costs	**375**	**326**	**329**	**357**	**445**	**474**
Capital Plan						
Education – Alberta Schools Alternative Procurement P3s	30	30	30	29	25	25
Transportation – ring road P3s	72	71	71	69	44	52
Treasury Board and Finance – direct borrowing	240	351	351	507	507	1,502
Total Capital Plan Debt Servicing Costs	**352**	**452**	**452**	**605**	**856**	**1,579**
Total Debt Servicing Costs	**702**	**778**	**778**	**968**	**1,450**	**2,053**

Operating Expense

(millions of dollars)

	2016-17 Actual	2016-17 Budget	2016-17 Forecast	2018-19 Estimate	2017-18 Target	2018-19 Target
Advanced Education	5,045	5,167	5,275	5,282	5,521	5,638
Agriculture and Forestry	1,048	1,073	1,074	1,055	1,078	1,091
Culture and Tourism	204	204	205	205	202	205
Economic Development and Trade	106	106	106	107	107	107
Education	7,252	7,261	7,303	7,299	7,508	7,608
Energy	305	305	308	309	316	320
Environment and Parks	403	403	411	405	396	405
Executive Council	28	27	27	27	27	27
Health	17,901	18,227	18,416	19,005	19,474	19,934
Human Services	3,974	4,108	4,161	4,285	4,514	4,587
Indigenous Relations	186	194	195	191	189	189
Infrastructure	501	431	411	496	505	536
Justice and Solicitor General	1,316	1,348	1,348	1,344	1,333	1,364
Labour	193	208	195	210	214	218
Municipal Affairs	247	266	261	262	268	271
Seniors and Housing	575	569	569	591	579	595
Service Alberta	224	255	246	251	255	255
Status of Women	-	1	1	6	6	6
Transportation	525	454	454	474	454	474
Treasury Board and Finance	1,459	1,411	1,459	1,455	1,533	1,453
Legislative Assembly	122	126	126	126	126	126
In-year savings				(250)	(250)	(250)
Total Operating Expense - excluding Climate Leadership	45,697	45,966	46,245	46,884	46,958	48,074
Climate Leadership Plan						
Environment and Parks	-	-	-	455	564	1,351
Treasury Board and Finance	-	-	-	60	235	280
Total Climate Leadership Plan Operating Expense	-	-	-	515	1,499	1,631
Total Operating Expense - including Climate Leadership	45,697	45,966	46,245	47,399	48,458	49,705

Disaster / Emergency Assistance

(millions of dollars)

	2016-17 Actual	2016-17 Budget	2016-17 Forecast	2018-19 Estimate	2017-18 Target	2018-19 Target
Agriculture and Forestry	175	126	400	-	-	-
Municipal Affairs	50	-	8	-	-	-
Unallocated				400	200	200
Total - excluding 2013 Alberta flood assistance	400	742	408	400	400	400
2013 Alberta flood assistance[1]						
Culture and Tourism	3	6	3	6	-	-
Education	2	7	-	-	-	-
Environment and Parks	23	25	25	7	-	-
Health	10	-	-	-	-	-
Human Services	4	1	-	1	1	-
Indigenous Relations	3	7	1	2	3	-
Infrastructure	10	34	10	25	20	6
Municipal Affairs	31	16	16	8	-	-
Other (Trans., Ag. and Forestry, Cult., Sec. and Tech)	2	-	-	-	-	-
Total 2013 Alberta flood assistance	85	96	55	49	25	6
Total Disaster / Emergency Assistance	485	838	467	449	425	406

[1] Excludes capital grants included in expense for 2013 Alberta flood assistance reported in the Capital Plan

	60	131	139	147	145	90

Capital Amortization

(millions of dollars)

Municipal Education	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Agriculture and Forestry	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Culture and Tourism	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Economic Development and Trade	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Education	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Energy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Environment and Parks	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Health	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Human Services	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Infrastructure	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Justice and Solicitor General	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Labour	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Municipal Affairs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Seniors and Housing	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Service Alberta	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Transportation	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treasury Board and Finance	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Legislative Assembly	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total Amortization Expense	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Inventory Consumption

(millions of dollars)

Agriculture and Forestry	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Culture and Tourism	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Health	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Human Services	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Infrastructure	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Seniors and Housing	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Service Alberta	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Transportation	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treasury Board and Finance	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total Inventory Consumption	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Capital Grants

(millions of dollars)

Agriculture and Forestry	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Culture and Tourism	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Education	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Energy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Environment and Parks	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Health	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Indigenous Relations	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Infrastructure	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Justice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Municipal Affairs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Seniors and Housing	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Service Alberta	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Transportation	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total Capital Grants	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Capital Plan

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]						
[illegible]						
[illegible]						

Expense by Object

(millions of dollars)

	Salaries, Wages and Employee Benefits	Services and Rentals	Grants to Others	Capital Grants to Others	Amortization of Capital Assets	Consumption of Inventory	Pension Provisions	Debt Servicing Costs	Other Unallocated Amounts and In-year savings	Total 2019-21 Expenses
Legislative Assembly	77	32	–	–	8	–	–	–	17	134
Advanced Education	3,992	1,311	450	–	503	–	(5)	41	63	6,355
Agriculture and Forestry	253	644	84	23	28	1	–	72	–	1,105
Culture and Tourism	91	74	108	45	5	1	–	–	3	346
Economic Development and Trade	108	72	108	–	5	–	–	–	–	293
Education	5,997	1,559	248	9	952	–	12	30	25	7,864
Energy	382	239	91	200	28	–	–	–	–	739
Environment and Parks[1]	207	150	240	113	69	–	–	–	3	730
Executive Council	24	9	–	–	–	–	–	–	–	37
Health	7,877	5,311	5,870	43	605	754	–	17	3	20,379
Human Services	617	1,001	2,371	–	7	–	–	–	–	4,099
Indigenous Relations	35	4	107	9	–	–	–	–	–	165
Infrastructure	83	433	–	45	118	14	–	–	8	651
Justice and Solicitor General	701	351	214	–	30	–	–	–	22	1,318
Labour	68	45	43	–	1	–	–	–	–	212
Municipal Affairs	79	59	160	1,313	5	–	–	–	–	1,792
Seniors and Housing	91	77	128	91	59	–	–	4	–	450
Service Alberta	131	113	–	5	40	8	–	–	1	298
Status of Women	3	3	1	–	–	–	–	–	–	6
Transportation	73	568	–	278	314	93	–	63	–	1,390
Treasury Board and Finance	230	431	810	–	21	–	(60)	746	13	2,189
Unallocated disaster expense - in-year savings	–	–	–	–	–	–	–	–	(31)	(69)
Total 2019-21 Expenses	**20,978**	**12,695**	**11,618**	**2,454**	**2,979**	**949**	**(60)**	**999**	**169**	**51,697**

[1] Climate Leadership Plan Capital Plan allocation included under "Capital Grants to Others"

Inventory Acquisition

(millions of dollars)

	2014-15 Actual	2015-16 Budget	2015-16 Forecast	2016-17 Estimate	2017-18 Target	2018-19 Target
Agriculture and Forestry	1	2	2	1	1	1
Health	799	757	752	796	756	758
Infrastructure	44	48	48	48	56	56
Service Alberta	14	15	16	8	8	8
Transportation	50	50	50	50	50	50
Other (Culture and Tourism / Legislative Assembly / Human Serv.)	3	2	1	1	1	1
Total Inventory Acquisition	**911**	**873**	**867**	**865**	**876**	**876**

Capital Assets

(millions of dollars)

	At March 31					
	2015 Actual	2016 Budget	2016 Forecast	2017 Estimate	2018 Target	2019 Target
Net book value at start of the year	42,839	44,287	44,287	47,064	50,873	53,935
Additions (capital investment)	3,715	5,888	5,041	6,188	5,479	4,924
Amortization	(2,211)	(2,261)	(2,259)	(2,379)	(2,417)	(2,425)
Net book value of capital asset disposals	(56)	-	(5)	-	-	-
Net Book Value at End of Year	**44,287**	**47,914**	**47,064**	**50,873**	**53,935**	**56,434**

Capital Plan Funding Sources

(millions of dollars)

	2014-15 Actual	2015-16 Budget	2015-16 Forecast	2016-17 Estimate	2017-18 Target	2018-19 Target
Capital Plan	**6,181**	**7,863**	**6,903**	**8,481**	**8,264**	**7,870**
Source of funding:						
Cash received (primarily federal govt.) / donations / disposals	524	575	429	554	877	676
Retained income of funds and agencies (primarily ASHC)	138	167	129	121	142	43
SUCH sector self-financed	291	1,020	944	858	760	977
Climate Leadership Plan	-	-	-	5	208	555
Alternative financing (P3s – public-private partnerships)	199	143	148	148	211	242
Direct borrowing	3,021	5,958	7,016	8,838	6,066	5,377
Transfers from / (to) Cap. Plan financing acct. / surplus cash	2,008	-	(1,763)	1,763	-	-
Total Capital Plan funding Sources	**6,181**	**7,863**	**6,903**	**8,481**	**8,264**	**7,870**

Capital Plan Liability Principal Repayments

(millions of dollars)

	2014-15 Actual	2015-16 Budget	2015-16 Forecast	2016-17 Estimate	2017-18 Target	2018-19 Target
Education – Alberta Schools Alternative Procurement P3s	12	13	13	14	14	15
Infrastructure – Evan Thomas water treatment P3	1	1	1	1	1	1
Treasury Board and Finance – direct borrowing	905	-	-	-	-	500
Transportation – ring road P3s	26	28	28	37	46	48
Total Principal Repayments	**944**	**42**	**42**	**51**	**61**	**564**

Cash Adjustments [a]

(millions of dollars)

	2014-15 Actual	2015-16 Budget	2015-16 Forecast	2016-17 Estimate	2017-18 Target	2018-19 Target
Retained Income of Funds and Agencies						
Alberta Heritage Savings Trust Fund inflation-proofing	(210)	(165)	(209)	**(243)**	(277)	(329)
Alberta Treasury Branches	(325)	(283)	(82)	**(27)**	(226)	(272)
Agriculture Financial Services Corporation	(247)	44	(103)	**(296)**	(314)	(322)
Climate Change and Emissions Management Fund	(175)	(31)	(85)	**-**	-	-
Heritage Foundation for Medical Research Endowment Fund	(50)	(76)	(88)	**(36)**	(44)	(51)
Heritage Science and Engineering Research Endowment Fund	(48)	(53)	(53)	**(26)**	(31)	(36)
Heritage Scholarship Fund	(65)	(51)	(53)	**(15)**	(27)	(36)
Alberta School Foundation Fund	10	4	(4)	**10**	2	2
Alberta Social Housing Corporation	36	79	9	**54**	105	(11)
Alberta Capital Finance Authority	(58)	(75)	(66)	**(52)**	(42)	(41)
Alberta Cancer Prevention Legacy Fund	12	14	10	**17**	17	17
Other	72	(46)	(53)	**(104)**	(46)	(141)
Total Retained Income of Funds and Agencies	**(1,048)**	**(639)**	**(777)**	**(718)**	**(883)**	**(1,220)**
Other Cash Adjustments						
SUCH sector own-source revenue	(4,300)	(4,283)	(4,305)	**(4,451)**	(4,579)	(4,526)
SUCH sector own-source expense	4,923	4,774	4,748	**4,666**	4,814	4,866
Net deferred capital contribution cash adjustment	101	89	94	**186**	545	319
Energy royalties (difference between accrued revenue & cash)	1,369	354	554	**(50)**	(276)	(123)
Student loans	(239)	(367)	(329)	**(341)**	(304)	(226)
Inventory acquisition	(172)	(180)	(175)	**(172)**	(183)	(183)
Other cash adjustments	278	(477)	193	**(400)**	(16)	(16)
Current principal repayments (P3 capital projects)	(39)	(42)	(42)	**(51)**	(61)	(64)
2013 Alberta flood assistance revenue	423	100	100	**300**	259	-
2013 Alberta flood assistance expense	(1,168)	(529)	(244)	**(421)**	(152)	-
Pension provisions (non-cash expense)	(404)	31	(258)	**(65)**	(180)	(201)
Book value of asset disposals (net non-cash expense / revenue)	41	-	5	**-**	-	-
Inventory consumption (non-cash expense)	141	129	132	**135**	153	152
Amortization (non-cash expense)	814	847	843	**935**	978	986
Total Other Cash Adjustments	**1,768**	**446**	**1,316**	**271**	**998**	**984**

[a] Negative cash adjustments are a cash requirement; positive cash adjustments are a cash source.

Financing Requirements

(millions of dollars)

	2014-15 Actual	2015-16 Budget	2015-16 Forecast	2016-17 Estimate	2017-18 Target	2018-19 Target
Term debt borrowing for provincial corporations [a]:						
Agriculture Financial Services Corporation	125	355	232	**373**	371	505
Alberta Capital Finance Authority	1,231	1,852	1,429	**1,590**	3,145	2,295
Alberta Treasury Branches	500	1,050	1,250	**1,450**	1,500	700
Alberta Petroleum Marketing Commission	227	340	328	**331**	344	331
Direct borrowing for capital purposes	3,021	5,958	7,016	**5,035**	6,066	5,377
Re-financing of maturing debt	905	-	-	**-**	-	500
Direct borrowing for the Fiscal Plan	-	-	-	**5,369**	8,420	6,881
Total Financing Requirements	**6,009**	**9,555**	**10,255**	**14,148**	**19,846**	**16,589**

[a] Gross borrowing requirements for provincial corporations; include amounts required for re-financing of maturing debt.

Pension Liabilities

(millions of dollars)

	At March 31				
	2015 Actual	2016 Budget	2017 Estimate	2018 Target	2019 Target
Teachers' Pension Plan (pre-1992)	8,432	8,295	**8,223**	8,040	7,846
Teachers' Pension Plan (post-1992)	637	586	**598**	603	598
Local Authorities Pension Plan	489	520	**555**	590	625
Public Service Management Pension Plan (pre-1992; closed) [a]	595	574	**549**	519	489
Public Service Pension Plan	249	250	**260**	270	280
Universities Academic Pension Plan (pre-1992)	314	300	**285**	270	255
Special Forces Pension Plan (pre-1992)	91	85	**80**	75	70
Members of the Legislative Assembly Pension Plan (closed) [a]	46	46	**46**	46	46
Management Employees Pension Plan	26	-	**3**	6	9
Public Service Supplementary Retirement Plan	17	-	-	-	-
Provincial Judges and Masters in Chambers Pension Plan	15	-	-	-	-
SUCH sector – Universities Academic / Supp. Retirement	285	282	**274**	274	274
Total Pension Liabilities	**11,196**	**10,938**	**10,873**	**10,693**	**10,492**
Annual non-cash change in pension liabilities	**(404)**	**(258)**	**(65)**	**(180)**	**(201)**

[a] Membership closed and pensionable service no longer being accrued.

Loans and Advances

(millions of dollars)

	At March 31	
	2015 Actual	2016 Forecast
Loans and Advances		
Agriculture Financial Services Act	2,104	**2,275**
Student Financial Assistance Act	1,540	**1,906**
Alberta Housing Act	27	**30**
Financial Administration Act accountable advances	4	**4**
Total Loans and Advances	**3,675**	**4,215**
Allowance for doubtful loans, advances, implemented guarantees and indemnities [a]		
Agriculture Financial Services Act	(37)	**(40)**
Student Financial Assistance Act	(135)	**(176)**
Total Loans and Advances	**3,503**	**3,999**

[a] When a loan is considered to be impaired, accrued interest is no longer included in income. This does not alter the borrower's obligation to pay all accrued interest.

Guarantees

(millions of dollars)

	At March 31	
	2015 Actual	2016 Forecast
Guarantees		
Feeder Associations	55	**55**
Agriculture Financial Services Act	13	**27**
Total Guarantees	**68**	**82**

Full-Time Equivalents [a]

	2015-16 Budget	2016-17 Estimate	Change	Main reasons for change
Department / Government Agencies				
Advanced Education – Department	617	606	(11)	Transfer to Econ Dev. / phase-out of Alberta Abroad
Agriculture and Forestry – Department	1,667	1,672	5	Flat Top Complex implementation
Agriculture Financial Services Corporation	630	630	-	
Alberta Livestock and Meat Agency	35	35	-	
Culture and Tourism – Department	569	581	12	Royal Alberta Museum / transfer from Travel Alberta
Travel Alberta Corporation	87	84	(3)	Transfer to department
Alberta Sport Connection	32	32	-	
Economic Development and Trade – Department	341	420	79	Transfer from Adv. Ed. / expansion of policy activities
Alberta Enterprise Corporation	6	6	-	
Education – Department	704	704	-	
Energy – Department	696	687	(9)	Transfer to Envt. for integrated resource management
Alberta Energy Regulator	1,240	1,240	-	
Alberta Utilities Commission	143	143	-	
Environment and Parks – Department	2,293	2,372	79	Climate Change Off. / Integrated Res. Mgt. Secretariat
Natural Resources Conservation Board	47	47	-	
Health – Department	979	979	-	
Human Services	6,097	6,096	(1)	Transfer to Justice - Legal Services Protocol
Indigenous Relations	219	218	(1)	Transfer to Justice - Legal Services Protocol
Infrastructure	960	987	27	Royal Alberta Museum building operations
Justice and Solicitor General – Department	6,803	6,828	25	Ticket processing / Legal Services Protocol
Victims of Crime Fund	37	37	-	
Labour	653	653	-	
Municipal Affairs – Department	546	546	-	
Safety Codes Council	60	60	-	
Seniors and Housing	295	295	-	
Service Alberta	1,367	1,367	-	
Status of Women	6	34	28	Establishment of Ministry
Transportation – Department	789	789	-	
Transportation Safety Board	12	12	-	
Treasury Board and Finance – Department	748	747	(1)	Transfer to Justice - Legal Services Protocol
Alberta Investment Management Corporation	376	376	-	
Alberta Pensions Services Corporation	287	287	-	
Alberta Securities Commission	196	196	-	
Alberta Insurance Council	24	24	-	
Alberta Local Authorities Pension Plan Corporation	6	6	-	
Executive Council	174	178	4	Public Affairs Bureau
Legislative Assembly	717	731	14	Leg. Assembly, Chief Elect., Ch. & Yth. Advoc. offices
Sub-total: Department / Government Agencies	**30,458**	**30,705**	**247**	
SUCH Sector / Other Arm's Length Entities				
Advanced Education				
Post-secondary institutions	33,517	33,588	71	Enrolment growth
Economic Development and Trade				
Alberta Innovates Corporation	712	712	-	
Education				
School boards (public, separate, francophone, charter):				
Certificated Staff	34,750	35,484	734	Enrolment growth for 2016-17, and higher-than-expected enrolment growth in 2015-16
Non-certificated Staff	24,375	25,431	1,056	
Health				
Alberta Health Services	76,798	77,950	1,152	Continuing Care / new facilities / increased volume
Health Quality Council of Alberta	33	33	-	
Sub-total: SUCH Sector / Other Arm's Length Entities	**170,185**	**173,198**	**3,013**	
Total Full-Time Equivalent Employment	**200,643**	**203,903**	**3,260**	

[a] The 2015-16 Budget numbers have been restated on the 2016-17 basis.

Allocation of 2016–17 Lottery Fund Revenue

(thousands of dollars)

Lottery Fund Revenue	1,451,069
Agriculture and Forestry	
Agriculture Initiatives	1,000
Agricultural Service Boards	11,600
Agricultural Societies and Exhibitions	11,462
Culture and Tourism	
Alberta Media Fund	37,065
Assistance to the Alberta Foundation for Arts	26,585
Assistance to the Alberta Historical Resources Foundation	8,160
Assistance to the Alberta Sport Connection	21,220
Community Facility Enhancement Program	38,000
Community Initiatives Program	24,585
Major Fairs Program	15,348
Other Initiatives	2,100
Education	
Plant Operations and Maintenance	150,000
Transportation	150,000
Environment and Parks	
Parks Operations	10,000
Resource Management	500
Health	
Alberta Health Services – Continuing and Community Care	664,943
Human Services	
Family and Community Safety	6,500
Family and Community Support Services	52,000
Fetal Alcohol Spectrum Disorder Initiatives	12,000
Indigenous Relations	
First Nations and Metis Relations	200
First Nations Development Fund	126,000
Justice and Solicitor General	
Assistance to the Human Rights Education and Multiculturalism Fund	1,735
Labour	
Settlement and Integration	4,574
Skills and Training Support	400
Transportation	
Provincial Highway Maintenance	40,000
Treasury Board and Finance	
Bingo Associations	6,200
Gaming Research	1,600
Horse Racing and Breeding Renewal Program	27,292
Total Lottery Fund Allocation	**1,451,069**

Changes to Fees

(dollars)

Ministry / Description	2015-16	2016-17
Culture and Tourism		
Museums and Heritage sites – daily admission fees		
Adult	Free-$15	Free-$16
Senior	Free-$12	Free-$14
Youth	Free-$7.50	Free-$10
Family	Free-$40	Free-$46
Museums and Heritage sites – annual pass		
Adult	$40	$40-$50
Senior	$35	$35-$40
Youth	$25	$25-$30
Family	$100	$100-$120
Environment and Parks		
Parks fees		
Campsite water, sewer, shower rates	$6 / night	$7 / night
Campsite equestrian corrals rate	$6 / night	$7 / night
On-site pump out service (rate per service)	up to $25	$25-$50

Historical Fiscal Summary, 2008–09 to 2018–19[a]

Consolidated Financial Statements basis (millions of dollars)

		2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15 Actual	2015-16 Forecast	2016-17 Estimate	2017-18 Target	2018-19 Target
Income Statement												
	Revenue											
1	Personal income tax	8,709	7,977	7,631	8,562	9,621	10,537	11,042	11,276	11,405	11,756	12,363
2	Corporate income tax	4,252	4,754	3,554	3,678	4,756	5,495	5,756	4,972	4,335	4,293	4,819
3	Other tax revenue	3,617	3,746	3,833	4,009	4,031	4,508	4,598	5,046	6,037	7,156	7,795
4	Resource revenue	11,515	6,708	8,429	11,636	7,775	9,578	8,548	2,674	1,364	2,753	4,235
5	Investment income	(1,955)	3,561	2,466	2,108	2,595	3,425	3,113	2,798	2,115	2,206	2,476
6	Premiums, fees and licences	3,356	2,857	2,922	2,931	3,194	3,457	3,485	3,527	3,414	3,645	3,914
7	Other own-source revenue	4,587	4,627	4,903	5,126	5,234	5,402	7,337	4,392	4,418	4,681	7,496
8	Total own-source revenue	34,747	34,170	33,624	36,203	37,522	42,375	43,885	35,702	34,348	37,556	41,362
9	Federal transfers	4,578	5,342	5,452	5,182	5,042	7,059	5,982	7,236	7,278	7,430	7,667
10	**Total Revenue**	**39,325**	**39,512**	**39,076**	**41,385**	**42,564**	**49,434**	**49,867**	**42,938**	**41,626**	**44,986**	**49,029**
	Expense by Function											
11	Health	13,674	14,636	15,393	16,284	17,264	17,967	18,366	19,861	20,414	20,972	21,829
12	Basic / advanced education	10,436	11,067	11,342	11,861	12,364	12,782	13,103	13,472	13,868	14,205	14,455
13	Social services	3,417	3,807	4,125	4,278	4,641	4,636	4,548	4,877	5,004	5,207	5,284
14	Other program expense	10,390	9,834	9,443	9,853	10,528	12,970	11,231	10,914	10,791	11,983	13,124
15	Total program expense	37,916	39,344	40,307	42,304	44,817	48,367	48,248	49,914	50,102	52,367	54,692
16	Debt servicing costs	308	274	472	928	580	601	722	776	886	1,402	2,003
17	Pension provisions	2,133	430	439	634	294	745	(434)	(258)	(65)	(160)	(251)
18	**Total Expense**	**40,356**	**39,048**	**41,218**	**43,926**	**45,643**	**49,718**	**48,536**	**49,331**	**51,027**	**53,610**	**55,686**
19	**Surplus / (Deficit)** - less risk adjustment beginning 2016-17	**(831)**	**(476)**	**(2,062)**	**(514)**	**(3,080)**	**(362)**	**1,116**	**(6,393)**	**(10,425)**	**(10,131)**	**(6,391)**
Capital Plan[b]		**7,043**	**6,660**	**7,544**	**6,084**	**6,492**	**5,719**	**6,101**	**6,605**	**6,491**	**6,599**	**7,675**
Balance Sheet (at March 31)												
20	Heritage / endowment funds	16,900	17,077	17,500	17,936	18,175	18,562	18,960	19,278	19,631	19,993	20,429
21	Contingency Account	15,822	14,950	11,192	7,497	3,339	4,658	6,529	3,793	-	-	-
22	Other financial assets	28,808	32,335	30,794	32,972	34,734	40,039	40,988	40,908	41,712	43,146	44,495
23	Capital Plan liabilities	(353)	(2,885)	(3,166)	(3,442)	(4,004)	(8,724)	(11,323)	(19,356)	(24,196)	(30,436)	(36,993)
24	Pre-1992 Teachers' PP debt / operating liabilities	-	(1,187)	(1,187)	(1,187)	(1,187)	(1,187)	(943)	(946)	(8,312)	(14,754)	(21,613)
25	Pension obligations	(10,239)	(9,463)	(9,923)	(10,594)	(10,862)	(11,690)	(11,196)	(10,934)	(10,679)	(10,655)	(10,450)
26	Other liabilities	(19,717)	(21,529)	(23,530)	(24,339)	(25,146)	(28,716)	(28,943)	(29,019)	(29,080)	(29,040)	(27,035)
27	**Net Financial Assets / (Debt)**	**31,701**	**27,317**	**21,683**	**18,880**	**15,459**	**13,052**	**13,034**	**4,631**	**(10,035)**	**(21,026)**	**(31,167)**
28	Capital / non-fin. assets - less del. contributions beginning 2012-13	30,275	34,217	37,407	40,122	39,617	40,839	42,167	44,837	48,467	50,964	53,136
29	**Net Assets**[c]	**61,976**	**61,534**	**59,089**	**59,002**	**55,076**	**53,891**	**55,201**	**49,468**	**38,432**	**29,938**	**21,969**

[a] Numbers are not strictly comparable due to numerous accounting policy changes over time. Examples include reporting certain items (transfers through the tax system, crude oil marketing and transportation costs, allowance for corporate income tax doubtful accounts) as expense, instead of netting the amounts from related revenue, increasing both revenue and expense, but not impacting the surplus / (deficit).

[b] Reflects capital grants and other support included in expenses, and capital investment in government-owned assets not included in expense. Capital investment adds to capital assets, which are depreciated over time through amortization expense.

[c] The change in net assets year over year does not match the surplus / (deficit) exactly in most years, due to various balance sheet adjustments, most of which are minor. A significant adjustment reducing net assets by $2 billion was made in 2012-13, to recognize the accumulated deferred capital contribution liability when the accounting standard was adopted.

Alberta

FISCAL PLAN

RESPONSE TO THE AUDITOR GENERAL

OCTOBER 2015

The Alberta JOBS PLAN

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RESPONSE TO THE AUDITOR GENERAL

Number 2015 239

The Auditor-General's report on the state and findings of his or her review of the Office of the Auditor-General's performance and the accompanying response from the Auditor-General are tabled in terms of section 40(2) of the Public Audit Act, 2004 (Act No. 25 of 2004).

[illegible]	[illegible]
[illegible] and Internal Controls	
1. [illegible] and Consequence Management	
We recommend that the Department of Basic Education and Minister of Education:	**Accepted.** The Department of Basic Education and Minister will [illegible] and implement the recommendations.
1.1 [illegible]	
1.2 [illegible]	
1.3 [illegible]	
1.4 [illegible]	
2. [illegible]	
We recommend that the Department of Basic Education and Minister of Education:	**Accepted.** The Department of Basic Education and Minister will [illegible]
2.1 [illegible]	
2.2 [illegible]	
2.3 [illegible]	
2.4 [illegible]	
2.5 [illegible]	

[illegible]

[illegible]

1) [illegible]

[illegible]

2) [illegible]

[illegible]

3) [illegible]

[illegible]

[illegible]

1) [illegible]

[illegible]

[illegible]

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AUDITOR GENERAL'S RECOMMENDATIONS	GOVERNMENT'S RESPONSE
Aboriginal Relations – Department	
7. Improve Financial Reporting Processes – Repeated We again recommend that the Department of Aboriginal Relations improve its financial reporting processes to ensure its estimates are reasonable and properly supported.	**Accepted.** The Department of Aboriginal Relations is working with the Department of Municipal Affairs and the Department of Seniors and Housing to improve financial reporting processes. This recommendation is expected to be implemented for the 2015-16 fiscal year.
Culture and Tourism – Travel Alberta	
8. Enhance Documentation to Support Senior Management Expenses – Repeated We again recommend that Travel Alberta consistently document the business reason to support senior management expenses.	**Accepted.** Travel Alberta will ensure the business reason to support senior management expenses that have been incurred is consistently documented.
Education – Department	
9. Enforce IT Change Management Controls We recommend that the Department of Education enforce its documented IT change management processes and demonstrate that all changes are appropriately classified, logged and approved.	**Accepted.** The Department of Education has: • updated IT change management processes, including emergency IT change management; and • developed an emergency IT change process to log, approve and implement emergency IT changes. The emergency IT change process has been shared electronically and communicated to all IT change managers. This process has been in place since October 1, 2015.
Education – Northland School Division No. 61	
10. Improve Financial Reporting – Repeated We again recommend that the Northland School Division No. 61 improve its financial reporting by: • regularly reviewing and reconciling general ledger accounts • preparing year-end financial statements promptly	**Accepted.** Northland School Division No. 61: • is developing a plan to meet the recommended practice of regularly reviewing and reconciling general ledger accounts; and • has also increased staffing to provide the required financial information on a timely basis. The audited financial statements for the year ended August 31, 2015 were received by the Official Trustee in November 2015.

AUDITOR GENERAL'S RECOMMENDATIONS	GOVERNMENT'S RESPONSE
Environment and Parks – Department	
11. Improve Financial Reporting Processes We recommend that the Department of Environment and Parks improve its process for preparing timely and reliable financial statements by: • improving the quality of documentation and analysis to support financial statement items and disclosures • preparing reconciliations for key financial statement balances • scheduling and evidencing management reviews of financial statements, analysis and supporting documentation before finalizing draft financial statements	**Accepted.** The Department of Environment and Parks has developed new procedures to improve accuracy and quality of the financial statements, along with the timeliness and accuracy of supporting working papers. This recommendation is expected to be implemented for the 2015-16 fiscal year.
Health – Department	
12. Establish a Proactive Check to Ensure that Individuals with an Alberta Healthcare Number Continue to Meet Residency Requirements We recommend that the Department of Health improve its processes by establishing a proactive check to ensure that individuals who have been issued an Alberta Healthcare number continue to meet the residency requirements specified in the *Alberta Health Care Insurance Act* and *Regulation*.	**Accepted.** The Department of Health will: • continue with the current process of investigating unusual registration activity and residency issues as they become known through tips, migration reports, etc.; • enhance the existing Alberta Health Care Insurance Plan registration process; and • collaborate with the Department of Service Alberta to investigate the benefits of a single secure card that will facilitate coverage for all government funded programs requiring renewal every five years. This is expected to be implemented by 2020-21.

AUDITOR GENERAL'S RECOMMENDATIONS	GOVERNMENT'S RESPONSE
13. Enhance Processes to Check for Receipt of Services for Which Physicians Billed We recommend that the Department of Health enhance the processes it uses to check whether: • patients received the medical services for which physicians billed the department • payments are being made in accordance with the provisions of the *Alberta Health Care Insurance Act*	**Accepted.** The Department of Health will: • continue with the current audit process to detect incorrect billing practices and payments; • examine the analytical tools including statistical and random sampling methodologies that would enhance review of physicians' claims; and • proceed with the development and implementation of the Personal Health Portal. This will enable and provide a mechanism for verifying physician billing with patients. This is expected to be implemented by 2018-19.
Health – Alberta Health Services 14. Develop a Detailed Plan for Implementing Risk-Based Disaster Recovery Processes We recommend that Alberta Health Services develop and follow a comprehensive plan for implementing risk-based disaster recovery processes, including the necessary IT infrastructure.	**Accepted.** Alberta Health Services (AHS) will: • continue to develop more complete requirements and process steps to be followed for each of their critical applications; and • continue mitigating identified gaps which will potentially require significant capital and operating investment. The investment costs and the risk mitigated will need to be weighed against other investment opportunities across all areas of AHS rather than just IT. This recommendation is expected to be implemented by June 2018.
Innovation and Advanced Education – Department 15. Improve Enterprise Risk Management We recommend that the Department of Innovation and Advanced Education implement an integrated enterprise risk management framework to identify and mitigate relevant risks.	**Accepted.** As part of the Department of Innovation and Advanced Education's approach to integrated strategic planning, the department will be reintroducing an enterprise risk management process for the 2016-19 business planning cycle that will identify, assess, monitor, communicate and address risks.

AUDITOR GENERAL'S RECOMMENDATIONS	GOVERNMENT'S RESPONSE
Municipal Affairs – Department	
16. Improve Systems for Updating the Estimated Disaster Recovery Program Liability We recommend that the Department of Municipal Affairs develop and implement an improved method for updating and supporting its estimated disaster recovery program liability.	**Accepted.** The Department of Municipal Affairs is in the process of: • collecting information on the progress of Disaster Recovery Program (DRP) projects from municipalities; • developing a standard methodology to update the estimated DRP liability; • implementing sign-off or approval by management and identification of contingencies and possible cost escalation; and • enhancing internal procedures to ensure that appropriate documentation is available for the estimated DRP liability and the submission of the Disaster Federal Assistance Arrangement claims to the federal government. This recommendation is expected to be implemented by Summer 2016.
Treasury Board and Finance – Department	
17. Improve Compliance Systems for Unfiled Corporate Income Tax Returns We recommend that the Department of Treasury Board and Finance improve its compliance systems to deal with unfiled corporate income tax returns.	**Accepted.** The Department of Treasury Board and Finance has completed a re-evaluation of its policies and procedures related to default assessments. The process of sending out default assessments began on October 1, 2015. Additional work will include: • developing additional reporting measures that contain key information to oversee filing compliance activities; • developing additional performance measures and targets to better monitor filing compliance officers' actions; and • completing an analysis of the filing inventory and developing further strategies.